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## Gain Seen In U.S. Economy

Indicators Up,  
But Deficit in  
Trade Widened

By Jane Seaberry  
Washington Post Service

WASHINGTON — The government's main gauge of future U.S. economic activity rose 0.7 percent last month, following two months of declines, suggesting that Federal Reserve Board action earlier this year may be succeeding in pulling the economy out of its slump.

But other figures released Friday showed that the U.S. deficit in merchandise trade widened again. Despite the improvement in the Index of Leading Economic Indicators, Commerce Secretary Malcolm Baldrige cautioned that the increase was not enough to make the economy grow at the rate needed to keep the U.S. budget deficit from growing. The Reagan administration has been anticipating that the economy would expand enough to keep a lid on the deficit.

The Commerce Department reported that the index rose nearly across the board in May after a revised 0.6-percent decline in April and a revised 0.1-percent drop in March. Although economists said Friday that it looked like a rebound was occurring, they cautioned that the growth would still be far below the 4 percent anticipated by the Reagan administration.

The Commerce Department also reported Friday that the U.S. deficit in merchandise trade widened in May to \$12.67 billion, the second highest ever, from \$11.83 billion in April. The May figure was the largest since a record \$13.9-billion deficit last July.

The deficit for the first five months of the year was \$57.3 billion, about 12 percent higher than in the same period of 1984.

Mr. Baldrige estimated that the U.S. deficit in merchandise trade would be between \$140 billion and \$150 billion this year, far exceeding the record \$123-billion deficit of 1984.

The figures involve only trade in physical merchandise. The continuing deterioration in the trade figures has been called a major factor in the economy's sluggish pace in the past year. The Fed has pursued an easier monetary policy in recent months in an effort to lower interest rates and revive growth.

The increase in the Index of Leading Indicators "is welcome news as the gains were widespread and offset the declines in March and April," Mr. Baldrige said. "Over the past six months, the leading index has risen an average of 0.3 percent per month. As a rough guide, we need sustained increases of about half a percent per month to maintain economic growth at a 4-percent rate."

So far this year, the economy grew at a 0.3-percent rate in the first quarter and at a 3.1-percent pace in the second quarter. For the administration to achieve its goal of 4-percent growth for the year, the economy would have to grow at a 6-percent rate in the third and fourth quarters.

Few economists are predicting such an increase in economic activity, and instead forecast growth of between 2.5 percent and 3 percent for the year. However, economists said Friday that the Fed's easier money policy and the decline in interest rates were reflected in recent statistics pointing toward improved economic activity.



Vice President George Bush at a Brussels news conference.

## Bush Says Soviet Deploys SS-20s Despite Its Freeze

Reuters

BRUSSELS — Vice President George Bush said Friday that the Soviet Union was continuing to deploy SS-20 medium-range missiles despite a unilateral freeze proclaimed in April by its leader, Mikhail S. Gorbachev.

He also said that the NATO allies unanimously supported increased efforts to fight international terrorism. Some feel that retribution is appropriate, but most are cautioning the United States against retaliation in the Beirut hostage crisis, he said.

Mr. Bush said at a news conference after a two-hour meeting with NATO's Council of Ambassadors that new figures would show the number of SS-20s continuing to rise.

"You will see they have gone up," he said. "My interpretation is that they don't feel inhibited in deploying their SS-20s. ... There isn't the restraint that perhaps has been advertised out of the Soviet Union."

NATO sources said that U.S. intelligence had determined that Moscow has completed one extra missile base since Mr. Gorbachev's April 7 announcement of a six-month moratorium.

James Dobbins, a U.S. deputy assistant secretary of state, said later after a meeting of NATO experts that the SS-20 force had grown from 414 to 423 and that more bases were being built in both the

eastern and western parts of the Soviet Union.

Mr. Bush repeated that he was confident that the Netherlands would carry out its decision to deploy U.S. cruise nuclear missiles, providing that the Soviet Union had deployed more SS-20s by November than it had in June of last year.

He praised Belgium for having started to take its share of cruise missiles earlier this year.

Mr. Bush said President Ronald Reagan was deeply committed to achieving arms reductions in negotiations with the Soviet Union. He later flew to Geneva for meetings with the U.S. and Soviet negotiators on nuclear and space weapons.

Asked about a statement by Mr. Gorbachev on Wednesday that the Geneva talks might collapse if the United States persisted with its Strategic Defense Initiative research, he said, "I think the matter is so serious that threats are not the way to do business."

He said that Washington was determined to go ahead with research on a missile defense system in space but was flexible about how other NATO countries approached cooperation.

Mr. Bush declined to discuss moves to free the Americans still being held hostage in Beirut by Shiite guerrillas after the hijacking of a TWA airliner two weeks ago.

But he said the unanimous response of the allies was that the world had to do more to combat international terrorism.

## Summit Accord Reported

Reagan Would  
Meet Gorbachev  
In November

By Celestine Bohlen  
Washington Post Service

MOSCOW — The United States and the Soviet Union have reached a preliminary agreement on the time and place for a summit meeting between President Ronald Reagan and Mikhail S. Gorbachev, diplomatic sources said Friday.

The meeting would be held in Geneva in the second half of November, the sources said.

Settling the issue of time and place solved the main procedural problems for the meeting, which was first proposed by Mr. Reagan in a letter to Mr. Gorbachev last March when the Soviet leader took office.

[In Washington, the State Department announced Mr. Gorbachev's "hypocrisy" on Thursday for a speech Wednesday in which he said that the United States was marking time at arms control talks in Geneva.]

Sources in Moscow said that a final decision on a Gorbachev-Reagan summit meeting still depended on events of the next four months, in particular on progress at the Geneva talks.

The U.S. Embassy refused comment on the report of a preliminary agreement on a meeting, as did officials at the Soviet Foreign Ministry.

The likelihood of a summit meeting between the leaders of the two superpowers became greater this spring after the accession of Mr. Gorbachev upon the death of Konstantin U. Chernenko. In a letter carried here by Vice President George Bush, who attended Mr. Chernenko's funeral, Mr. Reagan specifically invited Mr. Gorbachev to Washington.

Mr. Gorbachev, answering Mr. Reagan's letter, reportedly said he favored "the idea of a meeting" but indicated that the time and place still had to be agreed on.

Since then, both sides have stuck to the line that an agreement to meet had been reached in principle but that definitive details were to be discussed further in diplomatic channels.

A meeting in Vienna between Secretary of State George P. Shultz and Foreign Minister Andrei A. Gromyko last month reportedly

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Three hostages were taken to the home of Nabih Berri on Friday for an interview. They were, from left, Allyn Conwell, Simon Grossmayer and the Reverend James McLoughlin.

## U.S. Plans New Security Measures At Airports, Including More Searches

By Herbert H. Denton  
Washington Post Service

MONTREAL — The U.S. government, responding to the recent upsurge in hijacking and apparent airline sabotage, has announced new aviation security measures, including an expansion of the federal air marshal force, intensified searches of passengers and baggage and elimination of the popular curbside check-in service for travelers flying overseas.

Elizabeth H. Dole, the secretary of transportation, announced these and other security procedures Thursday at an emergency governing council session of the International Civil Aviation Organization.

Transportation ministers from Canada and Britain also attended the meeting and sought to underscore the urgency of concerted international action to deal with the latest incidents.

The French and Soviet delegates to the UN organization, which sets standards and recommends procedures for all aspects of civil aviation, endorsed their counterparts' calls for new measures.

Commission staff said they did not expect the 33-member council, whose president is Lebanese, to begin drafting proposals until next

week, and even the transportation ministers acknowledged that some of the problems in getting nations to act in concert involved delicate questions of national sensitivities.

Mrs. Dole and her Canadian counterpart, Donald F. Mazankowski, detailed a series of similar steps that their countries were taking to ensure that bombs were not planted in baggage. The moves followed the crash on Sunday of an Air-India jumbo jet off the Irish coast in which 329 people died and an explosion at Tokyo airport in baggage unloaded from a CPAir flight in which two airport workers were killed. Sabotage is suspected in both cases.

Mrs. Dole said her department was requiring an eightfold increase in security training for flight and cabin crews on U.S. aircraft and will direct that one airline employee be designated as a security coordinator on each flight. That crew member would be responsible for overseeing maintenance, baggage and other ground operations. She said it also would be necessary for service crews to be "far more carefully scrutinized."

Mrs. Dole said that on both selected domestic and international flights greater attention would be

given to examining carry-on items even after they have been inspected by X-ray machines. She also said that luggage to go aboard planes would also have to be matched with passengers.

She said curbside baggage service, in which passengers are able to check-in suitcases at the roadway entrance to an airport, would be terminated for international flights.

The administration is also ordering a 24-hour hold on all cargo, freight and mail on passenger planes unless an X-ray or physical inspection is conducted or the cargo being transported involves perishable goods from known shippers.

Many of the same precautions are being instituted hastily by Canada after criticism over apparent security lapses following Sunday's incidents. The new measures have caused delays of from two to four hours for flights overseas.

**Bulk of Wreckage Located**  
A British navy search ship located Friday the bulk of the wreckage of the Air-India jet that crashed off Ireland, an Irish government spokesman said. The Associated

(Continued on Page 3, Col. 3)

## Hostages May Go To Syria

U.S. Also Asks  
For 7 Others  
Held in Beirut

Compiled by Our Staff From Dispatches

WASHINGTON — As the Beirut hijacking crisis entered its third week on Friday, there were indications that preparations were being made to move the 39 American hostages to Syria.

The United States, however, now is demanding that seven Americans previously missing in Beirut also be freed as part of any arrangement for the release of the hostages taken from a TWA airliner that was hijacked June 14.

Three of the hostages met Friday with Nabih Berri, the Shiite militia chief, in Beirut. He is mediating on behalf of the hijackers who seized the Trans World Airlines plane shortly after it took off from Athens.

The hijackers' principal demand has been that Israel free more than 700 mainly Shiite detainees, who have been held without charges for up to 19 months, and have been moved to a prison in Israel.

The three hostages spoke later by telephone to the ABC television network and indicated a willingness to stay in captivity, voluntarily, as long as it would take to end the crisis without violence.

United Press International said that the British Broadcasting Corp. reported Friday that Syria had agreed to accept the hostages, provided they were delivered under United Nations control.

The Associated Press quoted an authoritative Lebanese government

**On Page 3**  
• Israeli officials say they are doing what U.S. really wants.  
• Jesse Helms says Iran financed the TWA hijacking.

ment source as saying that Syria had agreed in principle to take the hostages, and that they could leave 48 hours after an agreement was reached on freeing the Lebanese prisoners being held in Israel.

The source did not mention whether an agreement to transfer the hostages to Syria would apply to the seven other Americans kidnapped in Lebanon over the last 15 months.

The demand for the freedom of the seven missing Americans was made late Thursday after the Reagan administration had asserted for days that the seven were in a different category than the hostages from TWA Flight 847.

Some officials in Washington said that the insistence by both the White House and the State Department that "all 46 Americans" be freed held out the potential of delaying completion of a deal. This is because Mr. Berri has insisted that his Amal militia has had no control over those who might be holding the seven Americans, and that Amal had been unable to find out where they were.

President Ronald Reagan was in Chicago on Friday to speak on his recent tax proposal. At a luncheon with community leaders, he was asked whether it might be a mistake to link the fate of the 39 hostages with the seven others.

"I don't think anything that attempts to get people back who have been kidnapped by thugs and murderers and barbarians is wrong to do," Mr. Reagan said. "We are going to do everything we can to get all Americans back that are held in that way."

Asked about demands that Israel (Continued on Page 2, Col. 7)

## Tax Cut Helped Americans' Incomes Rise in '83

By Spencer Rich  
Washington Post Service

WASHINGTON — The after-tax income of the average American household rose sharply in 1983 to \$20,001, with a major assist from President Ronald Reagan's 1981 income tax cut, the U.S. Census Bureau has reported.

A study released Thursday showed that, contrary to a popular impression, the elderly have a higher per-capita income than most other age groups.

It also showed that only 7.6 percent of households below the government-set poverty line in 1983 (\$10,178 for a family of four) paid federal income tax, but about two-fifths of them paid Social Security or property taxes. Social Security provides retirement benefits and disability payments.

The report is the fourth in a series of studies trying to determine how much cash income American households have left after deducting payments for four major taxes: federal income tax, state income tax, Social Security payroll taxes and property taxes. The study reported that in 1983 the na-

tion's 85 million households averaged \$25,401 in gross income, paid an average of \$5,400 in taxes (21 percent), and ended up with after-tax income of \$20,001. A household is defined as one or more persons.

[Although no exact comparable statistics were available for other Western nations, the Paris-based Organization of Economic Cooperation and Development said that figures for other major industrialized nations were far lower.]

[A official at the organization's headquarters said the average 1983 net income for a family of four, including family benefits, was \$11,105 in Japan, \$10,793 in West Germany, \$9,630 in Britain and \$8,109 in France. However, the OECD total for the United States, using the same basis, was \$14,338.]

Compared with 1982, income before taxes — in constant dollars after accounting for inflation — rose 1.2 percent. But after-tax income rose 2.4 percent, showing that tax changes had a clear effect.

The bureau said that the major reason after-tax income rose more was the 1981 tax cut, which reduced federal income tax rates

about 10 percent. Not all the savings were pocketed because state income taxes and Social Security taxes went up, but there was enough left to account for higher after-tax income per household.

An overall 21 percent was paid for the four types of taxes included in the study, compared with 22 percent in 1982 and 23 percent in 1981.

The study showed that on a per-capita basis, which takes into account the number of people in different types of homes, households headed by persons age 65 or over had a per person income after taxes of \$8,113. This is higher than any age group up to age 50 but slightly lower than age groups 50-54 (\$8,614), 55-59 (\$8,996) and 60-64 (\$8,961).

According to the report, white households, with \$20,751 after-tax income, were financially far better off than the households of blacks (\$13,673) or Hispanics (\$16,076). Among family groupings, households consisting of women with children but no husband were at the bottom of the range: \$11,302, less than half the figure for married couples.

Jan Jr., chairman of the New York Stock Exchange, apparently expected the off-the-record restriction to prevent any disclosure of the speech delivered at the June 5 dinner.

"That's the reason he was so frank," said Mr. Phelan, who declined to discuss Mr. Stockman's remarks.

At the dinner, Mr. Stockman said: "Let me suggest two standards which apply equally to both sides in this monumental debate."

"First," he said, "there is a plausible case for both going-in positions — no tax increases and no domestic spending cuts — but neither can be responsibly held unless one is willing to spell out and be politically accountable for the consequences on the other side of the budget ledger: No spending cuts mean drastic tax increases, and vice versa."

"Secondly," Mr. Stockman added, "as the fiscal crisis has worsened and the political conflict intensified, we have increasingly resorted to squaring the circle with accounting gimmicks, half-truths

(Continued on Page 3, Col. 4)

## Budget Director Reportedly Called U.S. Tax Rise a Necessity

By Peter T. Kilborn  
New York Times Service

WASHINGTON — In a sharply worded off-the-record speech, David A. Stockman, director of the U.S. Office of Management and Budget, has sounded an alarm that U.S. budget deficits have become intractable and that sizable tax increases might be the only solution "consistent with fiscal sanity."

He also said that the Reagan administration, the Republicans in the Senate and, to a greater extent, the Democratic leadership of the House of Representatives have not "come clean" with the figures that they have been using to calculate the deficit reductions in the two conflicting budget proposals before Congress.

If the Securities and Exchange Commission had jurisdiction over the executive and legislative branches in such matters, Mr. Stockman said, in a June 5 speech that he thought would remain private, "many of us would be in jail."

The dispute over the budget for the fiscal year 1986 has arisen because of President Ronald Reagan's refusal to raise taxes, the House's refusal to eliminate cost-



David A. Stockman

gap, we must either massively cut spending or raise taxes by large, unprecedented magnitudes; or, by the lights of some, enact a sweeping mixture of both."

[Asked about Mr. Stockman's remarks, Mr. Reagan said Friday in Chicago Heights, Illinois, "He didn't say it. The story is fallacious. We have the speech. We know what he said." The president added, "This has been a definite and deliberate misquote." Mr. Reagan also said that he intended to keep Mr. Stockman on as his budget director, United Press International reported.]

[Earlier, Larry Speakes, the White House spokesman, said the report was "totally off base. The reporter who wrote that ought to have his mouth washed out with soap."

[Bill Kovach, The New York Times Washington bureau chief, said: "It's unfortunate they didn't let" Mr. Reagan "read the story and the speech. The facts speak very plainly and clearly for themselves."]

In three speeches this month — far more appearances than usual — Mr. Stockman has been striking the

of-living adjustments for Social Security beneficiaries and the Senate's opposition to further reductions in military spending.

"When the books close on this fiscal year next Oct. 1," Mr. Stockman said, "we will have run up another \$200 billion in national debt."

He added: "As a policy matter, it is obvious enough that to close this threatening \$200-billion budget

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Anne White's leotard suited her and the fans at Wimbledon, but it was ruled inappropriate tennis attire. Page 15.



# Moscow Suggest Romanov Is in Disfavor



Grigory V. Romanov, speaking in Finland in 1984.

By Dusko Doder  
Washington Post Service

MOSCOW — Reports circulating in Moscow suggest that one of the senior figures in the Politburo, Grigory V. Romanov, has come under a cloud and that his political future is uncertain.

Mr. Romanov, 62, has been viewed as a rival to Mikhail S. Gorbachev, the Soviet leader. In March, when Konstantin U. Chernenko died, the two were the only Politburo members who were simultaneously secretaries of the Communist Party's Central Committee.

This is a combination of positions traditionally held by anyone who moves up to take over command of the Communist Party.

Speculation about Mr. Romanov's long absence from public life, and about leadership shifts, has grown as the Central Committee, the party's policy-making body, prepares to meet Monday. The meeting will precede a session of the Supreme Soviet, or parliament.

Mr. Romanov, long part of the powerful Leningrad party organization, was last seen in public May 9 when he attended Red Square ceremonies on the 40th anniversary of the World War II victory over Nazi Germany.

Since then his name has appeared only once in the Soviet

press, and that was on the list of mourners after the death this month of Marshal Kirill S. Moskalenko.

There have been no official explanations for Mr. Romanov's absence. Soviet officials said in private that he was ill. But travelers arriving here from Pitsunda, a resort on the Black Sea, reported seeing Mr. Romanov there on vacation earlier this month.

According to the travelers, Mr. Romanov was welcomed to Pitsunda, contrary to protocol, by a local party official rather than by Eduard A. Shevardnadze, first secretary of the Georgian Republic's Communist Party and an alternate member of the Politburo.

There have been indications that Mr. Romanov's influence was waning and that he was no longer a member of the inner circle.

Since he vanished from public view, rumors have begun to circulate that Mr. Romanov had sought actively to block Mr. Gorbachev's election as general secretary of the Communist Party after the death of Mr. Chernenko. One version, which could not be confirmed, was that Mr. Romanov had nominated Viktor V. Grishin, another Politburo member.

Rumors of alleged indiscretions by Mr. Romanov have been revived during the last few weeks.

One involves a wedding party some years ago for his daughter, for which Mr. Romanov allegedly borrowed from the Hermitage Museum the dinner service of Catherine the Great. In the revelry, it is said, some of the priceless china was broken.

Another rumor was that Mr. Romanov had violated party discipline by taking up residence with a young woman, a well-known Leningrad pop singer.

Yet another, and more recent, rumor was that the couple had caused an international incident by straying into Finnish waters aboard Mr. Romanov's yacht.

It seems significant, according to diplomatic analysis, that the Soviet authorities have not gone out of their way to rebut the speculation or to indicate that Mr. Romanov's political standing remains unchallenged.

Mr. Romanov was promoted to full membership in the Politburo in 1976. He was first secretary of the Leningrad Region party committee, wielding authority over half a million party members and a political and economic center ranking second in the country, after Moscow.

He was transferred to Moscow by Yuri V. Andropov, the Soviet leader who died in 1984, to become a member of the party's secretariat.

## Marching Protestants Clash With Ulster Police

BELFAST — Police have clashed with Protestants who tried to march through a Roman Catholic town in Northern Ireland in defiance of a government ban.

More than 20 police were injured, seven persons were arrested and an unspecified number of reporters were assaulted late Thursday as members and supporters of Protestant marching bands set out on their annual parade through Castledawson in County Down. The town is 95 percent Catholic.

The government earlier had banned Protestant parades through Catholic areas. Irish nationalists in the Catholic minority bitterly resent the marches, which celebrate loyalty to Britain.

Protestants believe that the ban was issued because of pressure from the republic of Ireland, which is holding talks with Britain on possible reforms in Northern Ireland to end 15 years of civil unrest.

One of the more sensitive issues under discussion is a possible route for Dublin in running the province. Among the proposals are shared security operations, joint courts to try guerrillas and joint parliamentary sessions.

The Protestants have been wary of such changes, fearing that they could lead eventually to reunification with Ireland.

On Thursday, about 500 police officers in riot gear sealed off all roads to Castledawson, a town of 1,500 people. A police spokesman said the show of strength was intended as a warning to Protestants who have threatened to defy the ban on marching.

The Protestants' attack on police officers, whom they normally regard as their friends, was viewed in Belfast as a sign of the community's growing frustration.

Meanwhile in London, police maintained tight security Friday around those arrested in connection with the protests, which were being held in Lancashire in northern England.

Many of the suspects were arrested after authorities uncovered a plot last weekend to bomb a dozen English resorts during the height of the holiday season next month.

At London's top-security police station, Paddington Green, where two suspects were being held, marksmen squatted on surrounding rooftops, roads were blocked and cars and passers-by were searched.

Armed police officers watched over eight suspects in Glasgow, and unconfirmed reports said that they would soon be transferred to London to face trial. Six others are being held in Lancashire in northern England.

Britain's director of public prosecutions was considering whether the suspects should be formally charged, a spokesman said. Police said that under the Prevention of Terrorism Act most would have to be released if they were not charged by this weekend.

## WORLD BRIEFS

### Salvador Case Reportedly Reopened

SAN SALVADOR (UPI) — New testimony has reportedly led to the reopening of the case against a former army officer in the murder of two American land-reform advisers more than four years ago.

Based on the testimony of an American couple and a Costa Rican, according to a court source Thursday, reopened the criminal court judge, according to a court source Thursday, reopened the murder case of David Pearlman and Michael Hammer, American land-reform advisers, and Rodolfo Viera, a Salvadoran peasant leader. They were shot to death Jan. 3, 1981, in a hotel restaurant by National Guardsmen.

According to court documents, Gerald Smith Walker, a former military attaché at the U.S. Embassy in Panama, his wife Patsy and a Costa Rican, Carlos Francisco Aguilar, have implicated an army officer once named as ordering the killings. The three said that Captain Eduardo Ernesto Alfonso Avila had told them that he "participated in the killing of the two Americans and a Salvadoran in January 1981," according to the court source.

### Top Afghan General Killed by Rebels

NEW DELHI (AP) — A top-ranking Afghan general has been killed by anti-Communist guerrillas, Kabul Radio reported Friday night.

The radio said that General Ahmeduddin, 43, was killed in a "frontal clash with the bandits," referring to the Moslem rebels fighting the Soviet-installed Afghan government. No other name was given for the general. The radio identified him as the "counterpart" of the army chief of staff, but did not elaborate. He had been trained at a Soviet military academy, it said.

The Dari-language broadcast, monitored in New Delhi, did not say when or where he was killed. General Ahmeduddin is believed to be the highest-ranking Afghan Army officer killed by the rebels. It was the first time the radio has made a special announcement on the death of a general.

### Poland's Meat Prices to Rise Monday

WARSAW (Reuters) — Poland's government announced Friday its plans to increase meat prices on Monday despite widespread public opposition, including calls for a strike.

The date of the increases was announced on the state-run television system's evening news broadcast, along with an announcement that an increase in purchase prices paid to farmers would result in more food on the market.

Calls for a strike included a statement by activists of the outlawed Solidarity trade union in Warsaw's biggest industrial plants. It said: "Preparations for a strike in response to meat price rises have been discussed and methods of swift communications have been agreed in case the strike action were to be prolonged."

### Curbs Reported on Ex-Czech Aide

VIENNA (Reuters) — The former Czechoslovak foreign minister, Jiri Hajek, has been placed under strict around-the-clock surveillance to prevent him meeting foreign, émigré sources said Friday.

The sources said Mr. Hajek, foreign minister in the Prague Spring era under Alexander Dubcek, was being followed closely by the secret police to prevent him from meeting members of a French parliamentary delegation currently in Czechoslovakia.

They said that the authorities feared that Mr. Hajek, a former spokesman of the Charter 77 human rights movement, might try to put the case of his son Jan to the French delegation. Over the past three years, Jan Hajek has been barred from studying at Prague University and has not been allowed to accept invitations to study in Austria and Norway.

### Denmark Dissents on EC Car Exhaust

LUXEMBOURG (Reuters) — Denmark prevented the European Community from reaching unanimous agreement Friday on emission standards for automobiles, arguing that the proposals were too lenient.

After a 21-hour session, the other nine member nations agreed on levels for toxic exhaust gases, diplomats said. The compromise proposed by the EC's Executive Commission proposes a combined maximum level of eight grams (28 ounces) of nitrogen oxide, the most dangerous pollutant, and hydrocarbons for cars with medium-size engines.

Commission officials said that Denmark would be under strong pressure to compromise. Britain also agreed during talks to drop legal moves to block West Germany's proposal to grant fiscal incentives to buyers of "clean" cars, diplomats said. In another concession, the commission promised Greece that it would take emergency measures if pollution in Athens exceeded certain levels.

### For the Record

The crew of a Turkish Airlines jet overpowered a passenger on Friday who said that he wanted to blow up the plane, Anadolu news agency reported. The Boeing 727, with 81 passengers aboard, landed safely in Istanbul. (AP)

Hungary's parliament re-elected President Pal Losonczi Friday for a another five-year term, Budapest Radio reported. (Reuters)

A strong tremor shook northwestern Yugoslavia near the town of Bovec on Friday. There were no reports of casualties or damage. (Reuters)

## As Hijack Crisis Drags On, Syria May Accept Hostages

(Continued from Page 1)

should release the Lebanese prisoners, Mr. Reagan said, "I only know that none of us, any country, can afford to pay off terrorists for the crimes they are committing, because that will only lead to more crimes."

The Lebanese government source, who spoke on condition that he not be identified, told The Associated Press that Syria had agreed in principle to arrangements to end the crisis worked out by Jean-Claude Aime, a special envoy of the UN secretary-general, Javier Pérez de Cuellar.

Mr. Aime has been shuttling among Beirut, Jerusalem and Damascus in the past few days.

Mr. Berri met Friday with three of the hostages — Allyn Conwell, Simon Grossmayer and the Reverend James McLoughlin.

Mr. Conwell later told ABC that the three had asked for the meeting because of concern "about possible fragility" of Mr. Grossmayer's condition. Mr. Grossmayer, 57, has only one lung and has been taking medicine.

About the U.S. French and Swiss positions that release of the hostages must be unconditional, Mr. Conwell said he agreed, but that such a condition could also be imposed on any country "holding people illegally."

This was a reference to Israel's detention of the Lebanese prisoners, which the United States and the International Committee of the Red Cross have denounced as illegal under international law.

Mr. Conwell said that in the interests of resolving the problem nonviolently, he and the other hostages would accept weeks more of captivity in the hands of a foreign embassy.

"I think that they would very willingly almost become self-imposed hostages," he said. "If Mr. Berri would release us on our own recognizance, you would find the majority of the people willing to do that."

ABC also talked with Mr. Berri, who said: "I don't have control for the 39, but I have responsibility."

Mr. Berri reiterated the hijackers' condition of no release of Americans until Israel released its prisoners. When asked about the other Americans in Beirut, he said: "This is not my problem."

The seven Americans are William E. Buckley, a U.S. Embassy political officer; the Reverend Benjamin Weir, a Presbyterian minister; Peter Kilburn, a librarian at the University of Beirut; the Reverend Lawrence Martin Jenko, a Roman Catholic priest; Terry A. Anderson, the chief Middle East correspondent of The Associated Press; David P. Jacobsen, director of the American University Hospital; and Thomas Sutherland, the dean of the School of Agriculture at the university.

Six of them are believed to be in the hands of militants who seized them in Beirut, and their whereabouts is unknown. Mr. Kilburn failed to show up for work in December 1984 and is officially listed as missing. No group has claimed responsibility for him. (NYT, AP, UPI)

## EC Leaders Discuss Reform

(Continued from Page 1)

Irish diplomat. "You cannot have this in isolation."

A study committee appointed by the EC leaders proposed a formal conference of the member states to consider revising the Treaty of Rome, the 1967 document founding the community.

The EC states, however, are divided over the question of whether to call such a conference. British officials who oppose the conference and treaty amendments have told the leaders that amendments in the treaty were needed to eliminate the trade barriers.

## Agreement Is Reported on Summit

(Continued from Page 1)

did not move the issue forward, according to Western diplomats.

The American industrialist Armand Hammer cast doubt on a Reagan-Gorbachev meeting two weeks ago, stating that the Soviet leader had said that "to have a meeting, well, something has to be accomplished at such a meeting."

In recent weeks, however, Western diplomats in Moscow have expressed increased confidence that a meeting between Mr. Reagan and Mr. Gorbachev would take place.

Soviet officials and Moscow diplomats see developments at the negotiating table in Geneva as the key to a summit meeting, particularly in light of the tough stance taken by Mr. Gorbachev.

During a visit to the Ukraine, the Soviet leader suggested that the Geneva talks might collapse unless

the United States took a "more reasonable stand."

Mr. Gorbachev said the Soviet Union would have to "reassess the entire situation" if the Americans continued a military buildup while "marking time" at Geneva.

■ Gorbachev Speeches Decried

Earlier, Bernard Gwertzman of The New York Times reported from Washington:

The Reagan administration said that it was "astonished" by what it called a thinly veiled threat by Mr. Gorbachev to suspend the Geneva talks.

In some of the sharpest language it has used against Mr. Gorbachev, the State Department said that his speech had raised questions about Soviet sincerity in seeking an agreement in the arms negotiations.

The department added that, with the second round of the Geneva talks nearing a close, the Soviet Union had yet to produce a new, concrete proposal on reducing nuclear arms.

Despite the sharp words, the State Department reaffirmed U.S. interest in arranging a meeting between Mr. Reagan and Mr. Gorbachev.

"We are astonished by Mr. Gorbachev's distorted characterization

of the Geneva negotiations on nuclear and space arms and by his thinly veiled threat to suspend the talks," the department said.

Since the arms talks resumed in March, the two sides have differed sharply on how to approach the three-part negotiations on limiting strategic weapons and medium-range offensive arms and on preventing an arms race in space.

The United States has proposed seeking early agreements in the two offensive arms categories and on holding talks on future uses of strategic defensive arms.

The Soviet negotiators have said that until the United States agrees to negotiate a ban on all space defense weapons, including research, they are not ready to negotiate limits on offensive weapons.

"The Soviet Union's apparent threat to suspend the ongoing new negotiations casts doubt on its seriousness in the talks," the State Department said in its statement.

Noting that the second round of the resumed talks is due to recess July 16, the statement went on: "After almost two full rounds of talks, we have yet to see any concrete new proposals for the reduction of offensive nuclear arms."

The statement said that the Soviet Union had also refused to engage in a "constructive discussion" with the United States on the potential contribution that "emerging defensive technologies could make to the establishment of a more stable strategic relationship, and to achievement of the agreed goal of eliminating nuclear weapons."

"Instead," it said, "the Soviet delegation has sought unilaterally to impose preconditions, linking discussion of nuclear arms reductions to prior U.S. agreement to Soviet demands that we abandon research under the Strategic Defense Initiative."

The statement added that the "hypocrisy of this position" was evident because the Soviet Union had the world's only anti-ballistic missile system and anti-satellite system.

It charged that the Soviet Union had been "undermining" the treaty on defensive missiles and expending "a higher level of effort" for many years on the same kind of research now being undertaken by the United States for the "star wars" project to develop a space shield against nuclear missiles.

In his speech, Mr. Gorbachev asserted that the United States was using the Geneva talks as a cover for its military programs.

The State Department retorted that his statement was "striking" because, during the two years of negotiations on medium-range weapons, the United States had deployed no such missiles, while the Soviet Union had added about 300 SS-20 warheads to its arsenal.

### 7 Drug Smugglers Sentenced

The Associated Press

EDINBURGH — Seven persons who tried to smuggle two-thirds of a ton (600 kilograms) of Nigerian marijuana into Britain have been given prison sentences totaling 64 years and fines totaling £120,000 (\$156,000).



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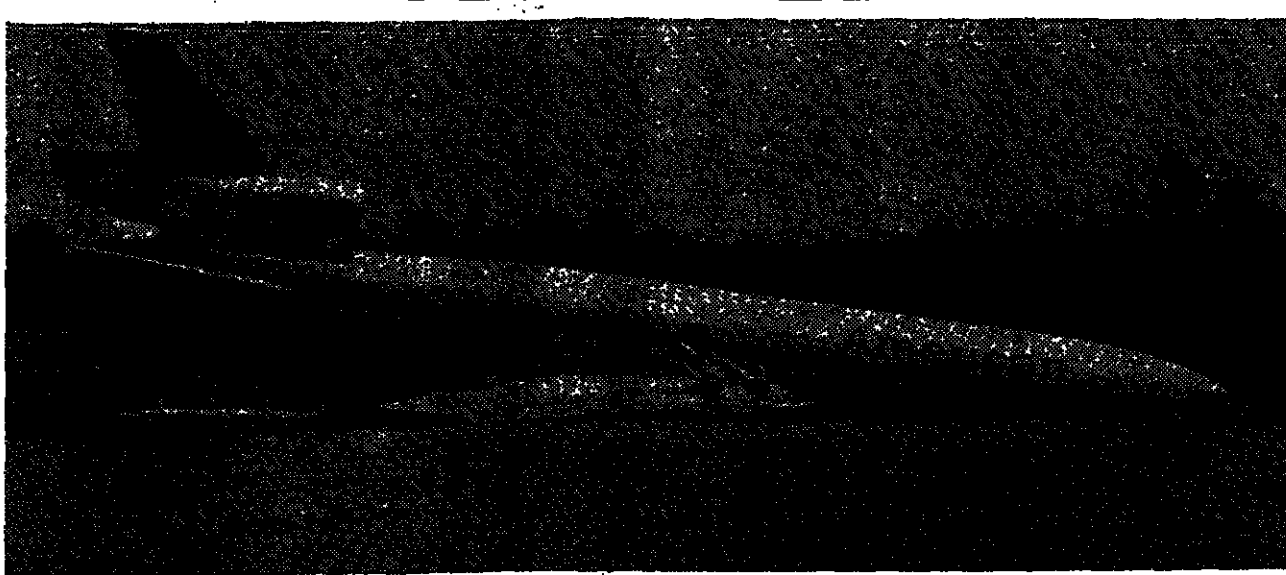
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## AMERICAN TOPICS



**TAKEOFF ABORTED** — An American Airlines DC-10 bound for Dallas skidded off the runway Thursday at Muñoz Marín International Airport in San Juan, Puerto Rico, causing minor injuries to several passengers. Officials were investigating the cause of the mishap that occurred just after the plane's tires blew out on takeoff.

### Sun Belt's Glory Days Give Way to Northeast

The New England and Middle Atlantic states as far south as Maryland are enjoying the biggest long-term boom in the United States, The New York Times reports.

Historically, the region's revitalization is rooted in the entire country's shift away from smokestack to high-technology and service industries. In the Northeast, the decline of manufacturing began earlier, and now is more nearly complete, than in other parts of the country.

What was left by the end of the 1970s was a region with thousands of skilled but unemployed workers and industrial real estate crying for new tenants, but a wealth of leading universities and well-established transportation systems.

In 1975 the unemployment rate in Massachusetts was 11.2 percent, the highest in the country. Now it is 3.9 percent, the lowest. Other states in the region cite similar statistics.

"The glory days of the Sun Belt

are over," said William S. Woodside, chairman of the American Can Company in Greenwich, Connecticut. "It took a long time for the Northeast to get its act together, but it has done it now in a magnificent way."

### Short Takes

Michael K. Deaver, who was President Ronald Reagan's deputy chief of staff until going into public relations earlier this year, says of his former employer: "He'll say, 'If I don't get what I want, don't count me out. I'll figure out another way.' The thing that most people have underestimated about him is his competitiveness."

Many a U.S. town has an indoor rifle range but Marietta, Georgia, must have one of the first indoor submachine-gun ranges, soundproofed and armored. It costs \$13 to rent a Thompson submachine gun or an Israeli Uzi that can fire up to 1,000 rounds a minute. The catch

is the price of ammunition: a box of 50 rounds, or enough to keep an Uzi going at full blast for three seconds, costs \$10.75.

**Shorter Takes:** The Reverend Jesse L. Jackson is edging up to another run for president, the magazine U.S. News & World Report says. After months of refusing to discuss the topic, the Democratic civil rights leader has told aides that he is a "potential candidate" for 1988. ... Glendon Wittinger, 41, was sentenced in Bloomington, Indiana, to eight years in prison for killing her boyfriend by repeatedly dropping a 14-pound (6.33-kilogram) bowling ball on his head while he slept in front of the TV set. ... A poll of riders of Washington's Metro subway system by The American Journal of Public Health showed that three-quarters of adults prefer to ride facing forward while two-thirds of the children would rather face backward. Neither the Journal nor the Metro have said what, if anything, will be done with this information.

### Chemical Barbecue Comes Home to Roost

Stan and Brenda Evans, having read news reports that some barbecue grills on sale in Houston were made of chemical waste drums, were careful to make inquiries when they went shopping for a grill. They were assured that the one they were purchasing was made from a clean new barrel.

Imagine Mr. Evans' surprise when he fired up his brand-new cooker to barbecue chicken and the words "Dow Chemical Co." emerged from beneath the new black paint, followed by the entire label warning of the danger of poison.

"That's when I decided I didn't want to eat the chicken," Mr. Evans said. After a few phone calls, Dow bought the grill for \$40, slightly more than the Evanses had paid for it. The retailer quickly offered to pay for the chicken and the restaurant meal that replaced it.

—Compiled by ARTHUR HIGBEE

## Israel Feels It's Doing What U.S. Wants

By Edward Walsh  
Washington Post Service

**JERUSALEM** — The Israeli government has been led to believe that the Reagan administration does not want Israel to release the more than 700 Arab prisoners it holds — who are central to the current TWA hijacking drama — until Washington is assured of the safety of the airliner hostages, according to well-informed sources here.

Despite increasingly blunt public statements by Reagan administration officials that Israel should immediately release the prisoners, as demanded by the hijackers, officials in Jerusalem expressed confidence that Israel's position in the hijacking case reflected U.S. desires.

They strongly suggested that the Israeli stance was being coordinated closely with Washington. "The Americans do not want to see any linkage between the hostages and the prisoners," a senior official declared.

President Ronald Reagan, in Chicago to speak on his tax proposal, refused to comment Friday on a Washington Post article quoting a White House official as having said that the administration expected Israel to free the Lebanese prisoners without waiting to be asked.

[His national security affairs adviser, Robert C. McFarlane, said that there was "no fundamental change" in the hostage situation. "There are a lot of actions going on behind the scenes," he said. "They haven't coalesced yet."]

If the Israeli understanding of U.S. intentions is correct, it would appear that the Reagan administration had linked the American hostages and the Arab prisoners by signaling Israel to sit tight until the hostages' safety was guaranteed.

This might come through their transfer to the custody of a Western embassy in Beirut, or to Syria. Israeli television reported Thursday night that such an understanding had been reached between the two governments.

This was denied by some officials, but others suggested it was more accurate than contradictory reports that the United States wanted Israel to continue to release the prisoners in groups.

The Israeli comments followed the blunt remarks Thursday by a



Lebanese held by Israel strolling and sitting in a tent at a makeshift prison north of Haifa.

White House official, as reported by The Washington Post, who said that the United States expected Israel to go ahead and free the Lebanese without having to be asked.

There were no claims here Friday of a firm agreement between the United States and Israel. Officials spoke in terms of "understandings," and suggested that the degree of contact and coordination in the TWA case has been greater than might be evident.

From Israeli comments, it appeared that the key issue now, as seen by the Israelis and possibly by the United States, was whether Nabih Berri, the leader of the Shiite militia Amal — who is negotiating on behalf of the hijackers — can guarantee the safety of the hostages.

"The problem is not Israel," said an official close to Prime Minister Shimon Peres. "The problem is if Nabih Berri can deliver. The American position is that it should lead,

and Israel's is a willingness to help. There is no Israeli position as such."

It did not appear that a possible major role for Syria in resolving the crisis, as reported from Beirut on Friday, posed a major problem for Israel.

The Israelis have not objected to third parties being involved in a settlement, but have insisted that they will deal directly only with the United States.

The Israeli government has pledged to be as helpful as possible in the case, but has insisted that it will consider releasing the mostly Shiite prisoners it holds at the Atlit prison only in response to a direct request from the senior level of the Reagan administration.

Israeli officials have made clear that such a request need not be made in a public forum.

In the meantime, statements to the news media — including a strong hint earlier this week by

Vice President George Bush, who said the prisoners at Atlit were being held by Israel in violation of international law — will not affect the Israeli posture, the sources said.

The visible level of U.S.-Israeli contacts is likely to rise next week with the arrival in Washington of David Kinche, director general of the Israeli Foreign Ministry.

The Reagan administration has vowed not to give in to the hijackers' demands or to pressure Israel to free the Lebanese. At the same time, the drumbeat of indirect public suggestions and blunt comments by anonymous U.S. officials clearly increased pressure on Israel.

Israeli officials said signs of erosion in support for Israel in U.S. public opinion were "worrisome" and "unjustified," but suggested this would be overcome.

"There has been no permanent damage" to Israel's standing in the United States, a senior official declared.

## Blast by U.S. Military Simulates Atomic Bomb

By Malcolm W. Browne  
New York Times Service

**ALAMAGORDO, New Mexico** — The largest conventional explosion ever set off by the United States hurled a gigantic mushroom cloud over the desert Thursday, rattling windows dozens of miles away.

Nothing like it had been seen in the United States since atmospheric nuclear tests were banned in 1963.

The explosion, which was created by a mixture of ammonium nitrate and fuel oil, was a military test to simulate a nuclear bomb. The blast effects were equivalent to those of an eight-kiloton nuclear weapon, officials of the Defense Nuclear Agency said. By comparison, the bomb that destroyed Hiroshima on Aug. 6, 1945, had a yield of 13 kilotons.

Eight-kiloton nuclear explosives are standard tactical weapons in modern armed forces, the officials said, and thus Thursday's test was a fair gauge of the battlefield use of a nuclear weapon.

Under the atmospheric test ban, all U.S. nuclear tests have been carried out underground at a test site in Nevada.

Underground tests are of limited utility in gauging the actual effects of nuclear weapons on housing and military facilities, so simulated tests are carried out from time to time using chemical explosives.

Thursday's explosion, code-named "Minor Scale," was the first true simulation of a nuclear blast, however.

The charge consisted of 4,880 tons of high explosive packed in a fiberglass hemisphere 88 feet (27 meters) in diameter that was standing on the ground, officials said. The largest previous test, conducted two years ago, involved the detonation of only 660 tons of explosive.

A principal purpose of the test, which officials said cost about \$37 million, was to gauge the effect of a nearby nuclear explosion on various designs for hardened mobile missile launchers, which would be used to deploy the proposed Mid-gemman missile.

Other targets of the test included military and civilian shelters, weapons systems, aircraft, fortifications

and houses. Among the experimental targets at or near ground zero were some provided by Canada, West Germany, France, Norway, Sweden and Great Britain.

Minor Scale was detonated not far from Trinity Site — the spot where the world's first nuclear device was detonated on July 16, 1945. In some respects Thursday's explosion resembled the Trinity explosion, and the thunder of the shock boomed for several minutes as it echoed between the mountain ranges bounding the site.

Neither cameras nor binoculars were permitted in the area of the test. The military distributed three photographs but declined to make available one showing the mushroom plume, saying that it contained sensitive information.

Officials said the test would take a month or more to evaluate and that many of the results would remain secret. The several hundred foreign dignitaries, scientists, military officers and journalists assembled for the occasion could see little of the blast site five miles (eight kilometers) away except the huge hemisphere of explosives and the blast itself.

But the windows in buildings 10 miles away were shattered, and spectators were knocked back by the shock wave.

Major General Niles J. Fulwyler, commander of the White Sands Missile Range, said the main difference between Minor Scale and a nuclear blast "is that a nuclear smoke plume rises faster than this one. And, of course, a nuclear fireball is far hotter, and that creates all kinds of colors in the fireball and cloud."

"I'm not sure whether the Russians have ever set off anything comparable," General Fulwyler said. "This may be the most powerful [nonnuclear] blast anyone's ever carried out."

### Costa Rican Leader Rejects Nicaraguan Request for DMZ

**SAN JOSE, Costa Rica** — President Luis Alberto Monge has rejected a Nicaraguan call to set up a demilitarized zone along the two nations' tense border.

"Costa Rica," Mr. Monge said Thursday, "is a neutral territory, in practice always because that has been its tradition, and formally since Nov. 17, 1983, when it issued a proclamation of neutrality in conflicts of other nations."

The country has not had an army since 1948. Security is handled by civil and rural guards.

Daniel Ortega Saverio, president of Nicaragua's leftist government, sent a letter to Mr. Monge renewing his suggestion that a demilitarized zone be established.

In recent weeks there have been claims of shooting incidents across the border.

Meanwhile, in Moscow the acting head of state, Vasili V. Kuznetsov, met Thursday with a Nicaraguan delegation, and reiterated support for the Sandinistas.



Elizabeth H. Dole

## U.S. Plans New Airport Regulations

(Continued from Page 1)

Press reported from Cork, Ireland. The spokesman, who declined to be identified, said the wreckage was located by HMS Challenger, a seabed survey vessel, in waters 120 miles (193 kilometers) southwest of Ireland.

He said that he did not know whether the wreckage might contain the "black box" flight recorder, vital to determining whether the Boeing 747 was blown up by a bomb before it crashed.

An Indian newspaper reported Friday that examinations of taped conversations between air controllers and the Air India flight revealed "a third, a muffled bang and a faint shudder" minutes before the plane disappeared from radar scopes.

The Times of India, in a dispatch from Cork, said experts believe the identifiable sounds "indicate that the pilot was trying to convey the distress signal moments after the emergency arose."

Meanwhile, passengers on a Pan Am flight from London to New York made an unscheduled landing Thursday night at Ireland's Shannon airport after the airline received a bomb threat. The passengers resumed their journey to New York on Friday after a seven-hour delay, but without their heavy luggage.

Bally O'Shea, the airport operations manager, said a relief plane was flown to Shannon from London to allow them to continue their trip to New York.

### Swedes, Danes Propose Car Bridge, Rail Tunnel

**STOCKHOLM** — Swedish and Danish officials recommended Friday that a motor-vehicle bridge be built between Malmö and Copenhagen across the Öresund.

Also, a rail tunnel linking Helsingborg and Elsinore, further north, was proposed. The total cost would be \$640 million.

## Helms Says Iran Planned and Financed Hijacking

By Hedrick Smith  
New York Times Service

**WASHINGTON** — Senator Jesse Helms has asserted that Iran set in motion the seizure of the Trans World Airlines plane on June 14 and trained at least one member of the original hijacking team.

In a statement inserted Thursday in the Congressional Record, the North Carolina Republican said that Ali Atwa, a Lebanese Shiite Moslem, was flown to Iran on May 5 and reportedly spent three weeks in training camps near Meshed and Tehran.

On the day of the hijacking at the Athens airport, Mr. Atwa was a standby passenger and was unable to board the airliner. He was arrested by the Greek authorities after his two colleagues had hijacked the plane, but later was flown to Algiers to join the hijackers in exchange for some of the passengers aboard the TWA plane.

Mr. Helms said that, according to information gathered by his staff, one Iranian camp where Mr. Atwa was trained had Boeing 727 and 747 airliners parked on a runway to familiarize the hijackers with cabin layout and controls.

Mr. Helms described the other camp as "a special training center for suicide squads."

According to the senator, Mr. Atwa was aboard an Iranian C-130 Hercules plane that took officials of Iran's Revolutionary Guards to Damascus on June 8 or 9.

"By June 10, it is believed that the Iranian officials were in Beirut working on the actual logistics



Ali Atwa

and operations of the hijacking operation," Mr. Helms said. Four days later the hijacking occurred.

Mr. Helms said that the principal reason for recruiting Mr. Atwa for the hijacking was that his brother, Abdullah, was killed during an Israeli military operation near Sidon in southern Lebanon in March.

Reagan administration officials have said that there are close con-

nections between Iran and the Shiite extremists who are believed to have had a role in the hijacking.

But officials said they could not confirm or deny that Iran actually had ordered the hijacking or that Mr. Atwa had been trained in Iran.

"The elements involved in this hijacking have Iranian connections," one official said. "But we don't have specific evidence that Iran said, 'Go ahead on this.'"

Mr. Helms, a ranking member of the Foreign Relations Committee, said his information was based on his staff's monitoring of developments in Iran, Lebanon and Syria in recent months, especially in the last eight weeks. Aides said they had maintained contacts with Iranian, Lebanese and other Moslem sources in the United States and overseas.

Based on this information, Mr. Helms described what he said was the "infrastructure of terrorism" established by Iran's ruler, Ayatollah Ruhollah Khomeini, throughout the Middle East.

He said that if the reports reaching his staff were accurate, the Iranian government had designated June 14 as the "Day of Jerusalem," to be marked especially by Shiite Moslems.

Mr. Helms asserted that more than \$30 million had been transferred from Iran to Lebanese Shiites in the weeks just before the TWA hijacking.

He said that the Iranian Martyrs Foundation was the channel for the funds. The agency's chairman, Mahdi Karubi, visited Lebanon twice, in early and in late May, Mr.

Helms said, for meetings with pro-Iranian Lebanese clerics in Beirut and Baalbeck, in eastern Lebanon.

The senator said that Iran's parliament had appropriated the equivalent of \$65 million for the Martyrs Foundation and that Mr. Karubi had transferred "at least half of the money to the local radicals, leaving the other half with the Iranian ambassador in Damascus."

An Iranian radio broadcast, reporting on a visit by Mr. Karubi to Lebanon, described the Martyrs Foundation as an agency that provides welfare and employment for the families of those who have died in the Shiite cause. U.S. officials say they believe that the families of Lebanese terrorists get funds from the foundation.

### AIDS Death Rate Over 50% in U.S.

The Associated Press

**ATLANTA** — A total of 11,271 cases of AIDS, acquired immune deficiency syndrome, has been reported in the United States, and more than half of those infected have died, according to figures released by the national Centers for Disease Control.

The fatality rate this week passed the 50-percent mark for the first time, with 5,641 deaths reported since 1978, the centers said Thursday.

No cure has been found for AIDS, and no one has been found to have recovered from it.

## Tax Rise May Be Necessity, Stockman Says

(Continued from Page 1)

and downright dishonesty in our budget numbers, debate and advocacy."

Mr. Stockman said that until the White House and the Republican leadership of the Senate settled upon a budget proposal that would reduce the fiscal 1986 deficit by \$56 billion, "our side had not come clean on holding the line on taxes."

He added that in the matter of "honesty in accounting, we have not come entirely clean." He said the Senate budget "rests on some pretty optimistic assumptions about the path of our economy over the next three years — namely 4 percent average growth over the next 14 quarters, inflation where it is and a steady descent of interest

rates to 5.5 percent on Treasury bills by 1988."

If the administration and the Senate used the consensus figures of the 50 economists who report their forecasts to Blue Chip Indicators, a newsletter, the growth figure would be 2.9 percent, Mr. Stockman said, and inflation and interest rates would be higher.

He was harsher on the House's budget proposal. Like the Senate's, it shows \$56 billion in deficit reduction in fiscal 1986, but it shows smaller reductions than the Senate's in subsequent years and contains still more questionable calculations than the House's.

And in maintaining nearly all domestic programs that the Reagan administration would eliminate or reduce, Mr. Stockman said, the House would cut only \$10 billion

from a domestic budget of \$600 billion.

**House, Senate Deadlocked** House and Senate negotiators talked Thursday about the 1986 budget, but left for a 10-day recess without breaking the deadlock over the cost-of-living increase in Social Security benefits that had stymied talks on Tuesday. They are scheduled to talk again after the recess, The New York Times reported from Washington.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Spy Detectors Unlimited

The House of Representatives has approved, 333-71, a measure that many of the 333 and most of the 71 knew could not achieve its goal. The measure was a broad grant of authority to the Pentagon to administer lie detector tests. The goal is to detect spies before they can do the kind of damage alleged to have been done in the Walker case. But Congress must think harder about the means.

It is accepted that lie detector tests have some role in keeping secrets. The Central Intelligence Agency and National Security Agency routinely administer them to their employees, and to an extent that cannot be known the tests, or the threat of tests, may have prevented some spying. Polygraph testing, its proponents admit, is less than 100 percent reliable. Lie detectors detect not lies but stress. Skillful liars, presumably including some spies, can fool the machines. The results of the tests are not admissible in court.

So the weapon the House proposes to rely on is faulty; moreover, its aim is impetuous. What is needed is not authority for fallible new

methods to test four million Pentagon and defense-contractor employees, but a focus on the far smaller number with access to important secrets. Powerful institutional incentives exist to classify far too much material as secret and to clear far too many people to see it. This makes protection of real secrets more difficult.

One suggestion is to use a method applied by the Office of Management and Budget in domestic government: put hard limits on the number of employees to be granted security clearances and on the amount of material to be classified. This would cause a lot of groaning and might lead to some wrong decisions. But under the present system a man such as John Walker Jr., with access to genuine secrets, evidently escaped all scrutiny from the time he first was granted his clearance until he finally was implicated by family members. Authorizing the already overworked Pentagon security apparatus to give lie detector tests to four million people blurs any focus on the much smaller number of potential spies.

—THE WASHINGTON POST.

## The Cattle Show Begins

Has the 1988 presidential campaign already begun? Sad to say, there is evidence it has. The first votes are to be cast at the Republican county conventions in Michigan in January 1988. Already potential candidates are securing Michigan for support. But the deadline is even earlier than it seems. For the 10,000 potential delegates entitled to vote at the state's 83 county conventions are to be elected in the August 1986 primary. To get your name on the ballot as a candidate for precinct delegate, you have to file signatures with the clerk in June 1986 — less than a year from now.

This deadline transformed last weekend's Republican Midwest leadership conference in Grand Rapids, Michigan, into the first cattle show of the 1988 campaign. Trooping into the Amway Plaza, just across the river from the Gerald R. Ford Museum, were Vice President George Bush and Representative Jack Kemp, Senator Robert Dole and former Governor Pierre du Pont of Delaware. We will spare you speculation about which candidate got the support of the Shiawassee County chairman and how many judgeship hopefuls attended a

reception for another candidate. Long before we can even guess the challenges that will face the next president, the campaign has begun.

Must we add that this is preposterously early? We are sympathetic to any state that is ready to challenge Iowa's and New Hampshire's claims to be the first to vote for president, and Michigan certainly is larger and arguably more typical of the nation than the other two. We suppose a focus on Michigan will force candidates to take blood oaths to help the auto industry, but then Iowa requires them to swear never to order a grain embargo.

The greater defect here is giving the vote to people elected two years before a party's national convention. This is one of those absurd features of the old system of presidential politics that the Democrats were wise enough to get rid of and the Republicans should not revive. If Michigan Republicans want to outflank their copartisans in Iowa and New Hampshire, fine. Just let them begin their process in the same calendar year as the election, not two years before.

—THE WASHINGTON POST.

## The Sabbath Decision

In striking down a Connecticut law that let any employee take off from work on his chosen Sabbath, the Supreme Court has drawn a useful line between yielding to the demands of religious interests and accommodating them. The decision gives hope that rulings like the approval of a city-sponsored Nativity display were momentary lapses from the rule of strict government neutrality on religious matters.

Connecticut's unusual law guaranteed every employee the right to designate a personal Sabbath. That forced employers to give them the day off, regardless of the effect on the business or on co-workers who did not invoke religious duty. The law was an innocent outgrowth of the Legislature's decision a decade ago to abolish Sunday closing laws. Understandably worried that devout Christians would be forced to work Sundays against their will, and solicitous also of those who observe a different Sabbath, the Legislature let every employee make an individual choice of a guaranteed day of rest. But that forced some citizens to bend to others' religious demands.

The 8-to-1 decision to this effect is encour-

aging because the court recently showed signs of looking for more ways to "accommodate" religion. Connecticut and the Justice Department argued that the state law was just such an accommodation, but the court correctly saw it as a religious command. As Chief Justice Warren Burger wrote, "Government must guard against activity that impinges on religious freedom, and must take pains not to compel people to act in the name of any religion."

A truer model of accommodation lies in the federal civil rights law, which calls on employers "to reasonably accommodate" employee Sabbath preferences if that can be done "without undue hardship on the conduct of the employer's business."

Americans do not always live up to their constitutional tradition of religious tolerance. They sometimes show insufficient regard for the religious sensibilities of others. But rigid laws like Connecticut's will not foster understanding, and they send the wrong message, of government partisanship. Neutrality best keeps faith with the Constitution.

—THE NEW YORK TIMES.

## Other Opinion

### Slender Hopes for Milan

The outlook for the European Community summit meeting in Milan is worse than it looked after the Brussels summit in March. Optimism over reform has waned and a whole string of other topics will cut into a 10-conference discussion of only a few hours. The need for progress has grown visibly since Brussels. From next year when the Iberians join, there will be 12 viewpoints to reconcile; and there is growing pressure from America on a number of fronts such as the Strategic Defense Initiative and the threat of a free-dumping war. The acid test of the will to European unification remains majority voting. It entails the partial surrender of that national sovereignty which, in capitals like London, seems to gain in importance as its reality in the world of the superpowers shrivels before our eyes. In Milan, then, blessed are they who expect nothing

for they shall not be disappointed. Hope, however, is free as usual.

—The Guardian (London).

### Desperation in El Salvador

The terroristic machine-gun attack by guerrillas that left 13 people dead — six of them Americans — at an outdoor San Salvador café is a savage act of desperation, more evidence that the leftist rebels are impatient with the lack of progress in their campaign to take over the country. Spraying gunfire into a crowd is not likely to win hearts or minds; it does inspire fear. Whether the terror was aimed at the American victims we cannot say. What is clear is that the world must not grow used to this terror. The terror must end, but never on the terrorists' terms.

—The Seattle Post-Intelligencer.

## A Cornered Europe Shows a Will to Survive

By Flora Lewis

PARIS — After a decade of dol-drum, members of the European Community are worried enough about their future to seek new momentum. Already, though, high expectations for this weekend's summit meeting in Milan have sagged.

There is not much chance yet of rewriting the Treaty of Rome into a much tighter charter for a real European Union, as has been discussed for so long. More modest moves are likely to try to overcome the many remaining barriers to internal trade and to restrain the egoism of states.

Still, there has been a change in the wind. For the first time in years, the issue among the leaders is not about extracting money from each other but about how to develop the great potential that Europe has but cannot pull itself together to use.

And for the first time, they will be a round dozen. Portugal and Spain do not become members until Jan. 1, but they will attend as observers. The Community is reaching its full proportions, 320 million people, more than the United States or the Soviet Union. The prospect is reviving almost-forgotten hopes of creating a vital new world power.

No one denies that the impetus is fear. It is the fear of proud nations, once masters of global empires, that they will be left behind to stagnate and founder in a fast-moving world. The danger of irreversible decline such as others have faced in history is seen looming ahead.

For the Europeans, the spur is not the clanking, armor-plated Soviet Union. It is the innovative United States, hard-selling Japan, the busily productive countries that have moved from underdevelopment to highly competitive in a generation. The fear is of missing the third Industrial Revolution.

President Reagan's Strategic Defense Initiative focused minds in a way few have ever intended and no one foresees. It seems to foreshadow a vast new technological spurt to overturn economies.

European interest in it is not about shooting down missiles, but about penetrating markets, saving jobs, keeping scientists. Whether they admit it or not, the French hope their Eureka project will mobilize Europeans for their own indus-

trial purposes. Four big companies from four countries have just agreed to join in it.

There is a long way for them to go, and they are coming to realize that that is precisely because they have failed to complete their Common Market. An American high-technology expert points out that European companies make 10 different types of telecommunications switches and spend a quarter of their programmers' time on it, when only two or three switches and less than half the time in a combined effort would mean profitability.

These facts of modern life inevitably collide with national politics, still clinging along at the old pace. The political tendency has been to look inward, to hold on to the bird in the hand and let those in the bush go their own way.

A clear sign of the opposing tugs has come with the formation of the "Action Committee for Europe." It is a deliberate repetition of the committee established by the late Jean Monnet, who used it as a weapon to lobby, chivy and shove the Euro-

peans into creating the EC. The nostalgia is redolent. Some of the people are the same. The secretary is Max Kohnstamm, the venerable Dutchman who was a loyal Monnet aide. The formula is the same: leaders of labor, business and politics who are ready to use their influence behind scenes to move governments. They met in Bonn earlier this month and issued an appeal to give back to the Community strength and confidence in its future.

This is important. It creates a constituency for hard decisions. It is also revealing that businessmen and labor officials are much more strongly represented on the committee than politicians.

These are the first signs that Europe is producing the will to pick itself up again, as it did after the war. The difficulties also show how hard it is for nations, even friendly ones, to cooperate for joint benefit. But they can when it is patently clear that there is no other way. The future depends on seeing clearly before there is too much pain.

The New York Times.

## Terror, Live at 5: Are the Media Part of the Problem?

### A Want, a Need, to Know

NEWSPAPERS face a difficult task in dealing with events such as the hijacking of TWA Flight 847. The terrorists' goals include publicity for their causes and demands, but by their actions they are also making news, and people grab eagerly for details. Newspapers have had calls from readers who cannot wait for the next day's paper; other people keep their radios on all night.

The enormity of the deed has commandeered the public's attention; how could the media turn off the cameras, put away the microphones and tell reporters to step aside and wait patiently until the final act is over? The question answers itself.

We want to continue reading about what is happening, what is being done to bring the hostages' release. We want most of all to read that they are safe and ready to resume useful lives. Then we will want to know what is being done to the perpetrators, what is being done to prevent a repetition. But a blackout now, while it would turn off the klieg lights shining on the terrorists, would also deprive us of information about the welfare of the hostages, and this we need to know.

—Sam Zagoria, Washington Post ombudsman.

### Distant, Useless Knowledge

MARSHALL McLuhan observed that primitive peoples have been equipped for the communications revolution that highly intellectual people, C.S. Lewis, who somehow was both highly intellectual and stubbornly primitive, refused to read newspapers. He was convinced that they unattractively and banefully engaged our sympathies on behalf of remote people we can do nothing to help. We were given the power of compassion in order to help our neighbors, he contended, and only frustrated our better selves by getting worked up over the fates of strangers beyond our power to assist. Lewis had a point. Why should so many of us be hanging on the TV for the latest interim report on a few dozen people we can't do anything for? Who benefits from this monstrous maldistribution of attention except the criminals?

—Syndicated columnist Joseph Sobran.

### Two Edges to the Sword

HOW FAR should media self-discipline go? Should the press play censor at the source, and if so when? Should television blot out Nabih Berri's news conferences, or conceal the anguish of the hostages' families? Certainly Vietnam and Watergate discredited the assumption that government knows what it is doing and would do it well if only the press kept its big nose out of it.

True, television is about as capable of self-discipline in its chase after good footage as a dog is in chasing a rabbit. True also, television changes the terms of political action and discussion. It has helped arm puffy mini-states and terrorist networks with the capacity to disrupt the composite and injure the pride of great powers. But this nuisance capacity can be turned into a fundamental threat only by inflated talk, panic and overreaction.

Ithiel de Sola Pool of the Massachusetts Institute of Technology has observed that every new communications technology has aroused the censorial instinct. But deference to the censors' fears is not, and should not be, the governing philosophy of the First Amendment to the Constitution.

The Reagan administration has promoted a good deal of grumbling over TV coverage of the hostage crisis. But its "Mephistophelean bargain" with the tube (in Godfrey Hodgson's term) has been the most eager in our history. An administration with so much faith in going via television, over the heads of government and media middlemen to "the people" can hardly complain when the monster it usually strokes develops a bite.



—Syndicated columnist Edwin M. Yoder Jr.

### For Greater Self-Restraint

WHY DO the networks cover terrorism the way they do? Largely for commercial reasons. Their coverage is driven by ratings, not news judgment. Television executives understand that the public responds to the underlying tensions of hostage situations, but the situations themselves are fairly static after the first few days. Accordingly, there are few dramatic developments to tape and put on the air. So the networks try to expand the news to fill the excessive time allotted.

The need to fill air time has several unfortunate effects. It tends to exaggerate the importance of an event. And it may encourage dwelling on historical analogies that may be mainly false, such as the comparison being drawn between the current situation and the Iranian hostage crisis.

Excessive and distorted coverage can frustrate policy-makers and limit their options. There was no good reason to allow Nabih Berri to appear regularly on network television, communicating his demands himself to the American public. The U.S. ambassador to Lebanon, Reginald Bartholomew, has had a particularly close relationship with Mr. Berri and could have negotiated with him in private — probably to much better effect.

Some may argue that the real problem is the nature of terrorism, not the nature of television.

But there is no imperative in terrorism that dictates the kind and amount of television coverage it gets.

What would more responsible coverage look like? It would require a sense of perspective. It would be less extensive and repetitive and would give less air time to the terrorists themselves. It would also avoid interviews with so-called experts who second-guess the government and with family members who sometimes blurt out information that endangers their captive relatives.

—Stephen Klaidman, a senior research fellow at the Kennedy Institute of Ethics at Georgetown University, writing in The New York Times.

### Inspiring Needed Outrage

FOR AMERICANS, there is no escaping Henry Kissinger these days. Early in the morning, late at night, he is all over the networks, stamping his foot like Rumpelstiltskin, crying out his message of "no deals, no negotiations, no coverage" and retaliation when it's over. And like Rumpelstiltskin, he finally stamped so hard he put his foot through the floor.

It happened the other night during an appearance with the talk-show host Ted Koppel. The former secretary of state was, once again, berating the news media for giving a platform to terrorists and hijackers, particularly in a news conference given by the Lebanese minister Nabih Berri that disintegrated into rugby-field chaos.

"If the Nazis had invited networks to Auschwitz to watch people marching off to gas chambers, would it be appropriate news coverage to cover that?" he asked, opening up the floor beneath him.

Had they had the chance, responded Mr. Koppel, the networks "absolutely" should have shown Auschwitz. "Can you imagine what the outrage of the world would have been if it had seen live television pictures of what was going on there?"

—Syndicated columnist Mary McGarry.

## Gandhi and the Sikhs: After the Crash, a Narrow Road

By Pranay Gupta

NEW YORK — There is increasing agreement that a bomb destroyed Air India's Flight 182 off the Irish coast, but we may never know whether the Boeing 747 was blown up by Sikh militants, as some of the reportedly have claimed. Yet, in the minds of many Indians, the 329 men, women and children on the Toronto-Bombay flight were victims of a stepped-up global effort aimed at destabilizing their democracy. I fear that the prospect of a reasonably early resolution of India's most pressing problem — the Punjab, where Sikh separatists have been agitating to establish a theocratic state called Khalistan — may have also disappeared with Flight 182.

In a perfect world, Sikhs would be given the benefit of the doubt. There is no hard evidence of their responsibility. And the plane carried Indians of many ethnic backgrounds. But India's majority Hindus already are inflamed by attacks by Sikh terrorists against people in New Delhi and in the Punjab; they see the Sikh separatist problem as threatening the very fabric of nationhood. They were remarkably restrained after the recent incident, largely because of pre-emptive measures taken by the Indian government — a marked contrast to the bloodbath against innocent Sikhs in northern India after the assassination last October of Prime Minister Indira Gandhi by Sikh bodyguards.

But now Mrs. Gandhi's son and successor, Rajiv Gandhi, will be under fresh pressure to adopt a hard line toward the Punjab and the Sikhs. During his recent visit to the United States, he impressed many as a man who seemed determined to bring about a negotiated, democratic settlement to the problem and to other regional disputes. For example, Mr. Gandhi had assured President Jimm-

R. Jayawardene of neighboring Sri Lanka that India would not encourage separatists who wanted an independent Tamil state in the northern part of that small island nation. The Sri Lankans had long suspected that Tamil separatists resented sanctuary and succor in India. I think Mr. Gandhi recognized the implications of Sri Lanka's irredentist movement for his own country — for the Punjab, for Kashmir, for Assam.

But the airline disaster has pulled Prime Minister Gandhi's Punjab problem back into the international spotlight. It raises the question of whether his strategy of tacking the Punjab issue through negotiation and good will is irrelevant in the face of stepped-up terrorism. And the episode suggests a fresh challenge to the government's capacity to provide security to its own people.

India has long prided itself on its liberal democracy; it is almost alone among the big nations of the Third World in not being a "security state." Will that change? Will Mr. Gandhi be forced to demand a curtailing of liberties in the name of national security?

During his visit to the United States, he was reported to be coming around to the view that, contrary to his earlier assertion and to the belief of some of his advisers, America was not colluding with Pakistan-based Sikh separatists. But he nevertheless expressed concern over the Khalistan movement's being largely financed by wealthy Sikh expatriates and their American supporters. And he knows that some Khalistani leaders find sympathetic ears in Congress.

Prime Minister Gandhi's challenge

lies in resisting renewed calls among some influential Hindu politicians for a tougher stand against the Sikhs. He must stay on the course he had decided on — negotiations with Sikhs over genuine economic and political grievances in the Punjab. He will be tempted to conclude that peaceful solutions are now out of the question. His mother met the threat of Sikh separatism by closing off most avenues of political compromise and by centralizing decision-making. But Mr. Gandhi must issue a fresh appeal to the "Indian" in Sikhs and non-Sikhs alike and convert this tragedy into an opportunity to fashion a new national sense of Indianness.

The writer, formerly a foreign correspondent for The New York Times, is author of the forthcoming book "Vengeance: India After the Assassination of Indira Gandhi."

## LETTERS TO THE EDITOR

### Anti-Terror Tactics

In response to the opinion column "Time for a Convention Against Terrorism" (June 25) by Flora Lewis:

If "any country that refuses to sign and apply the rules [of an international convention against terrorism] would brand itself a supporter of terrorism for all the world to see," what can we infer about the United States from its failure to sign the international convention on genocide?

Terrorism does not take place in a social, political or economic vacuum. State terrorism begets injustice and injustice breeds terrorism. Until the two superpowers cease sponsoring criminals in the name of ideology (read: geopolitics and economics), no

piece of paper, signed or unsigned, is going to make the world safe.

JEFFREY L. SELBIN,

Paris.

Regarding "Greece Reassesses Plan to Close Bases" (June 24):

Prime Minister Andreas Papandreu has triumphantly announced to the Greek parliament that he will close all American bases in his country at the end of their lease in 1988. In view of this and of Greece's return to Beirut of an associate of the hijackers of the TWA airliner, I suggest that the American government should announce now that as soon as practicable it will close these bases.

Such swift action might cause the Greek government to modify its anti-

Western attitude and would save the United States from further humiliation. It might also have a beneficial effect on other countries from whom the United States leases bases.

EDWARD WELLS,

Marbella, Spain.

### Questions for Hammer

Regarding "A Reagan-Gorbachev Initiative" (June 17):

Allow me to ask Armand Hammer about the "events" which, according to him, have turned President Reagan into a cooperative spirit? What were they? Harsher warfare in Afghanistan? Hardening of oppression in Central and Eastern Europe? Deadlock in Geneva? Mr. Hammer

## Ignoring Economic Warnings

By Jeff Faux

WASHINGTON — The economic debate absorbing Washington is dangerously narrow. While the president, the Congress and the media are preoccupied with budget-cutting and tax trade-offs, few are giving serious attention to the economic warning signals flashing "trouble ahead."

The chances of a recession occurring in the near future have risen

### In a new downturn, America would face a Catch-22 situation.

sharply. For the last year, the unemployment rate (now 7.3 percent) has been virtually motionless, and in September the current recovery will be 33 months old — the average duration of all recoveries since the end of World War II. Already a slowdown in the first half of 1985 has led most economic forecasters to reduce estimates of future growth.

No matter how the budget-cutting and tax-reform debates are resolved, neither will be of much help in dealing with a stalled economy. Indeed, in the short run both factors could hurt. Cutting a deficit draws money out of circulation; doing it when economic growth is slowing down could be a recipe for recession. The uncertainty caused by a long debate over tax-code revisions, coupled with the certainty that any significant reform will depress some sectors (such as housing), will also tend to dampen short-term economic growth.

If a downturn does begin soon, the United States will be caught in a Catch-22 situation. Since World War II, Americans have been able to spend their way out of recessions — including the last one — by increasing the deficit and lowering interest rates. But the high and persistent deficits of recent years have frightened the public, the press and most politicians into making deficit reduction the No. 1 economic policy goal. And the Federal Reserve Board insists on reducing the deficit before it will further lower interest rates.

Slower growth, which also slows tax revenues, is already creating a larger deficit. The growth in the gross national product for 1985 now projected by top forecasters will add about \$20 billion extra to the government's debt. To prevent the economy from tumbling into recession, interest rates will have to be lowered in the face of still higher deficits, or deficits will have to be deliberately increased further in order to put growing numbers of the jobless back to work.

The difficulty is compounded by mushrooming trade problems. Since last summer, industrial production has been stagnant while imports have siphoned off the market for goods. Despite the fall in interest rates, the dollar remains strong. And hopes that the United States could arrest the erosion in its trade position by persuading Japan to open its markets to baseball bats and telecommunications equipment have proved naive.

Reaganomics has no answer for the trade deficit. Neither do the Democrats, who last year abandoned some promising industrial-policy proposals to help capital and labor become more competitive.

Finally, the banking system still totters. Debit countries and their creditors averted disaster this year primarily by raising exports to the United States. But the trade balances of some of the largest — Argentina, Brazil, Mexico, Venezuela and others — are shrinking again. An economic downturn in America could wipe out those margins and plunge some of the most vulnerable debtor nations and the world financial structure into chaos. It could also wipe out a third of American savings and loan associations, which are technically bankrupt or very close to bankruptcy.

The deficit, the erosion of the U.S. trade balance, and the fragility of the banking system are all fundamental problems of economic management to which neither traditional liberals nor conservatives have satisfactory answers. Nor is the public being prepared for dramatic, perhaps Draconian, measures that may be necessary when the next crisis hits.

Laissez-faire rhetoric notwithstanding, bank bailouts show that Washington will expand its economic intervention when major institutions are threatened. Yet policy-makers are neither developing alternatives nor addressing the constitutional, social and political issues that further interventions would raise.

While Mr. Reagan and the Democrats squabble over taxes and deficits, few leaders seem concerned with the larger issue of new growth.

The writer is president of the Economic Policy Institute, a research organization, and co-author (with G. Akerlof) of "Rebelling Against the New York Times."

FRIEDRICH SEYTHAL,

New York.

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## Smith Wins Re-election In Zimbabwe Campaign Reflecting White Fears

**Washington Post Service**  
**BULAWAYO, Zimbabwe** — Ian Smith, the former prime minister, has been re-elected to the Zimbabwe Parliament in an election that reflected deep divisions in the country's small and uneasy white population.

Thursday's election was held for the 20 seats designated for whites. The country's 2.9 million black voters are to go to the polls Monday and Tuesday to choose the 80 other legislators in an election that Prime Minister Robert Mugabe's party is considered almost certain to win.

Mr. Smith capitalized on white resentment of the black-majority government to regain his seat by an overwhelming margin. His conservative party gained 15 of the 20 seats for whites while his principal opponents won four. An independent opposed to Mr. Smith's hard-line policies also won a seat.

The former prime minister waged a confrontational campaign against the socialist-oriented government of Mr. Mugabe. It contrasted sharply with the more conciliatory approach of the moderate whites.

Mr. Smith won 71 percent of the vote in a parliamentary district in Bulawayo, Zimbabwe's second-largest city. He hailed his victory as

"the first step in the right direction of bringing a little bit of sanity to the scene."

But two of Mr. Smith's principal white opponents — William Irvin, leader of the Independent Zimbabwe Group, and Chris Andersen, one of two white ministers in Mr. Mugabe's cabinet — also were re-elected. The two men led the walk-out from Mr. Smith's party three years ago that was the first split within the wide parliamentary delegation.

Mr. Smith won 20 white seats in the 1980 vote prior to independence, but defections and campaign elections have eroded his party's delegation to seven seats.

He started this campaign emphasizing his desire to "reunite" the white community and to work together with Mr. Mugabe and other black leaders. But in recent days his attacks grew more vitriolic, his descriptions of Rhodesia white-ruled past more evocative and his crowds larger.

He contended that Mr. Mugabe's "communist" government had allowed schools to be used to deteriorate seriously and "do damage to our country" by advocating a one-party state.

Mr. Smith, who left Rhodesia, then known as South Africa, in 1965, years of white-minority rule in defiance of international law and an emotional appeal to the 32,500 registered white voters. Many of them fear and resent Mr. Mugabe's Marxist rhetoric and policies.

In recent days Mr. Smith, who has said this will be his last campaign, drew large and enthusiastic crowds in Bulawayo and elsewhere. He lashed out against Mr. Mugabe and against his white opponents, whom he accused of feigning for breaking ranks with him in 1982.

Under a complex 1979 agreement that helped pave the way to black-majority rule, 30 of Zimbabwe's 100 seats are set aside for whites, despite the fact that whites make up less than 2 percent of the population. The agreement expires in 1987, and at that time Parliament votes will be sufficient to abolish or alter the arrangement.

Mr. Smith said Thursday that he hoped Mr. Mugabe would be persuaded not to abate the white roll. "I hope they listen to us," he said. "If they don't, intelligence they will, if they don't keep our brains, our skin."

More than half the white population has left Zimbabwe since independence, leaving about 100,000.

## 80 Killed In Storms, Flooding in Philippines

**United Press International**  
**MANILA** — Monsoon rains spawned by tropical storms have brought the worst flooding in 13 years to the Philippines, killing 80 people over the past week.

Seasonal rains also continued Friday to batter western Japan, leaving 12 persons dead and 1,778 homeless, police reported.

Among the 80 victims were a woman and her five children who were crushed Thursday when landslides buried three hillside houses in Olongapo, outside the U.S. Subic Bay Naval Base 60 miles (97 kilometers) north of Manila.

Authorities estimated that 60 percent of Manila was under water. Officials asked navy divers to rescue residents marooned on rooftops, and hundreds of residents were evacuated to higher ground. More than a foot of water surrounded the Hilton and Manila hotels in central Manila.

President Ferdinand E. Marcos blamed the flooding in Manila on garbage that clogged drains. He said that he would post guards at sewage and flood control systems to prevent people from throwing away trash.

In the suburban town of Cainta, authorities said that poisonous snakes had been flushed out by the flooding and were threatening residents.

The National Flood Control Center said residents of the central plain of the island of Luzon, a rice-growing area just north of the capital, were urged to evacuate because the Pangasinan and Agno rivers were close to overflowing.

The weather bureau's chief forecaster, Amado Pineda, said that the flooding was the worst since the July and August 1972, when 500 people were killed in Manila and central Luzon.

A typhoon veered away from the Philippines on Thursday and headed Friday toward southern Japan, but the winds brought heavy rains.

Torrential rains fell in wide areas in western Japan for the eighth day Friday, triggering 1,150 mudslides and disrupting rail and road transportation, police said.

### Ozal Leaves on Visit to China

**The Associated Press**  
**ISTANBUL** — Prime Minister Turgut Ozal left Friday for a five-day visit to China, the first by a Turkish prime minister. He is to make stopovers in Qatar, Pakistan and Thailand before reaching China on Sunday.

## Odd Couple in Asia: Sihanouk and Kim Il Sung

**By John F. Burns**  
**New York Times Service**  
**PYONGYANG, North Korea** — As Prince Norodom Sihanouk tells it, his friend came to him one day and said, "You've lost a country, the least we can do is to build you a house."

The friend was Kim Il Sung, one of the most forbidding figures in the Communist world, and the house he built for the prince on a wooded hillside outside the North Korean capital was fit for a king.

The prince, king of Cambodia as a teen-ager, and later prime minister and constitutional head of state, tells visitors that the 40-room mansion in this austere workers' state is the grandest residence he has ever had.

"I call it my palace," he says, breaking into the nervous laughter that punctuates much of his conversation.

On the face of it, the politics of this region has produced few odder couples than the prince, 63, and Mr. Kim, 72, his benefactor. Prince Sihanouk is a gentlemanly aristocrat with a passion for French civilization. He is a Buddhist who says of the Khmer Rouge, murderers of five of his children and 14 grandchildren, "I have to pardon."

After 15 years under house arrest in Cambodia or in exile, either here or in Beijing, he remains an aesthete, immaculate in Paris-tailored pin stripes, partial to caviar and Champagne.

In addition to the mansion, Mr. Kim has provided 100 Koreans to staff it, and a fleet of luxury cars are at the prince's call. There are also hefty hard-currency expenses to be met for the prince's frequent overseas travels and even for his clothes. "It was not France which gave me this suit," the prince says. "It was President Kim."

Then there are the lesser favors, the imported wines and foods, the sports hall near the artificial lake where the prince plays badminton with Pyongyang-based diplomats, the dances for the diplomatic corps at which the prince, manning the stereo, favors American pop music.

Mr. Kim, whom the prince refers to as "more than a friend, more than a brother," is a man who has rarely been called that outside the Communist world.

A peasant's son who took power when the Soviet Army arrived here in 1945, Mr. Kim, through his Korean Workers' Party, has imposed a chilling regimentation on his country's 18 million people. He has bolstered it with a personality cult that many believe even Stalin could not rival.

The "glorious and beloved leader," one of Mr. Kim's many titles, has been for 40 years a bitter enemy of much that Prince Sihanouk admires, including the United States.

The two men first met in 1965 at a gathering in Bandung, Indonesia, to commemorate the 10th anniversary of the movement professing nonalignment. Prince Sihanouk recalls how President Sukarno, the host, placed the two leaders in adjoining suites in his palace and told them: "You are both nice men. I want you to be friends."

In 1970, Prince Sihanouk was deposed as ruler of Cambodia by pro-American generals who resented his neutralism during the Vietnam War. He later took up residence in Beijing.



Prince Sihanouk with his pet dog, Miki, at his mansion outside Pyongyang.

Prince Sihanouk recalls how President Sukarno placed him and the North Korean leader in adjoining suites in his palace and told them: "You are both nice men. I want you to be friends."

What resulted was a two-story building in Korean style, with tiled roofs, overlooking the lake. There are pheasants and cuckoos and lengthy woodland walks for the prince and his Maltese poodle, Miki.

The "assembly hall" where Mr. Kim is to be found much of the time, off the beech-lined avenue that leads back into the city, is a massive granite and marble structure that looks more like an airport terminal. It is ringed by troops, and diplomats say there are signs that Mr. Kim rarely sleeps there, shifting from place to place on short notice.

With all their differences, the

Mr. Kim proposed that he make an additional home for himself in Pyongyang. In 1974, the North Korean leader built the mansion in the Jang Su Won hills north of the capital, a few miles beyond Mr. Kim's own headquarters. Since then, the prince and his wife, Princess Monique, have lived in the mansion for a few months each year, except from 1976 to 1979 when the Khmer Rouge placed them under house arrest in Phnom Penh.

The differences between the exiled prince and his host are reflected in the architecture. When Mr. Kim asked what kind of place he would like, the prince specified something restful, beside water.

With all their differences, the

two men share a taste for a lavishness. In the chandelier-lighted dining room, the prince says, chuckling: "Not much here that's proletarian, is there? More like the lifestyle of a millionaire!"

The prince is treated as a head of state. Since 1982, he has been nominal head of a government-in-exile, this time contesting the Vietnamese occupation that supplanted the Khmer Rouge rule in Phnom Penh.

The Khmer Rouge, with China's backing, is the strongest element in the alliance. This places the prince in harness with men who locked him up in his own palace, slaughtered part of his family and, he believes, killed "about two million" Cambodians.

It is an association that disturbs many old friends of the prince, and one that is not easy for Mr. Kim to accept, either. Habitually careful to balance his ties with Moscow and Beijing, the North Korean leader has been squarely on Beijing's side on the Cambodian issue. Lately, he has shown signs of edging away from the Khmer Rouge, but according to the prince, Mr. Kim has never tried to influence him politically.

Why, then, does the Korean leader make such extravagant efforts on the prince's behalf? Diplomats here say they believe that Mr. Kim may have been influenced by a desire to increase his prestige in the non-Communist world, but the prince says this underestimates his host's generosity. Similarly, he denies that the reason he has been spending more time lately in Pyongyang than Beijing, where he has another mansion, is because he resents the inflexible Chinese commitment to the Khmer Rouge.

The real reason, he says, is that the environment in Pyongyang is quieter, more conducive to writing his memoirs and to guarding his health. But an outsider walking through the eery midday quiet of the mansion wonders privately how happy he can be in this remote place, linked to the more sophisticated world he cherishes by the shortwave broadcasts of the BBC and the Voice of America.

As though sensing his visitor's thoughts, the prince says: "To understand Sihanouk, you have to know that I am an Asian man. I am a yellow man, not a white man. So I am guided by sentimental feelings, by feelings of gratitude, and it is those that are most important to me. I will always be grateful to my hosts here, and in China, for giving me everything when everything was lost."

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## ARTS / LEISURE

## Remarkable Geneva Exhibit Brings Islamic Art to Europeans

GENEVA — It is a paradox that after centuries of intercourse between the Islamic world and Europe, so little should be known in the latter about the art of the former.

## SOURIN MELIKIAN

The former. Its miniatures, calligraphy and objects d'art are rarely displayed, and the highly diverse cultures conventionally lumped together under the banner of Islam are barely understood.

The exhibition "Treasures of Islam" at the Musée Rath on the Place Neuve in Geneva, through Oct. 27, underlines both these points.

The display of 367 works of art and 200 coins consists entirely of items in private hands (those labeled "National Museum, Kuwait") are in fact on loan to the museum from the collection of Sheikh Nasser Sabah al-Ahmed al-Sabah. This is a remarkable initiative, for which credit goes to two Geneva collectors, the Swiss lawyer Jean-Paul Croisier and the Iranian businessman Hashem Khosravi. As a result, the show is compact, yet it includes masterpieces some of which have never been exhibited before.

Remnants of the greatest manuscript produced in 16th-century Iran can be seen for the first time in Europe. Commissioned by Shah

Tahmasp in the late 1520s, the manuscript was executed in the royal atelier at Tabriz, then the capital of the kingdom. The manuscript, given as a state present to the sultan of Turkey, Suleyman Kanuni or Suleiman the Magnificent, was intact until about two decades ago. It was then acquired from the Rothschild collection by Arthur A. Houghton Jr., then president of the Metropolitan Museum of Art in New York. He took the manuscript apart, gave 79 leaves to the museum and sold the rest.

Fourteen pages bought by three private collectors give an idea of the splendor of this mutilated manuscript of the Shah Name, or Book of Kings, the 10th-century Persian epic by the poet Ferdowsi. The greatest represents King Keykavus seated "in the heart of the mountain" looking down on the circle of his standing subjects. Stylized clouds trail over the sky, painted in a uniform gold to symbolize the light of divine glory that suffuses the world. Rocks and trees burst out beyond the rectangular frame. Cartouches of the text are inserted within the image. The proportions were worked out in relationship to the other side of the double page and to the general layout of the manuscript, creating a balance that has now been destroyed.

The cardboard mounts that frame the page, as they do all the other miniatures, reduce the width of the gold-speckled margins. It is not necessary to be a specialist to be disturbed by this distortion — or dazzled, despite everything, by the calligraphic outlines and by the dancing rhythm of the figures.

While no other manuscript in the Geneva show, and very few elsewhere, can match this, the exhibition does include one other book of considerable importance, last seen in the 1931 Exhibition of Persian Art in London. It contains part of a "Universal History" written by the Vizier Rashid ad Din and copied and illuminated at Tabriz in the early 14th century. The horizontal miniatures combine the monumental figures inherited from a tradition that goes back to pre-Islamic fresco painting, with the first attempts at introducing landscape elements under Far-Eastern influence. Unfortunately, the miniatures with human figures show traces of touching up. This makes the folds of some of the long

coats look clumsy and gives some faces a comic-strip appearance.

The paintings include the earliest datable landscape in any book from the Islamic world, inspired by Chinese Song painting. Despite the streaks of silver paint crudely added to the trunks and to the hillocks of the foreground, the landscape remains one of the highlights of miniature painting in the Middle East. It belonged to the Royal Asiatic Society of London until July 1980, when it was bought at Sotheby's by a Geneva collector.

This is also the first time that a few marvelous miniatures from Turkey and Islamic India have been exhibited. One is a beautiful figure of an angel, done in Istanbul in the manner of the Iranian painters from Tabriz who worked in the Ottoman royal atelier. At a Christie's sale in April 1979, its Iranian appearance induced the English cataloger to call it Persian.

What is perhaps the greatest portrait done by an Islamic artist in India is also here. A court character is writing a letter with four lines of script addressed to some member of the royal household, in which he identifies himself as Shah Abu'l-Ma'ali Kashghari. The signature "Master Dust, portraitist," appears at the bottom, telling us that it was painted by the famous calligrapher who also signed one of the miniatures in the Book of Kings.

Another major work is a miniature by the Iranian artist from Shiraz, Abd al-Samad, who moved to India in about the same period. A Persian inscription of rare autobiographical content, not mentioned in the catalog, gives it extraordinary historic importance: "At the age of 75 when my pen had stopped working and my side had reached an extreme of weakness, this was sent as a keepsake . . . to my eldest son."

A group of 16th- and 17th-century miniatures from Islamic India follows, making the Geneva show one of the most interesting exhibitions of Mogul painting in years. Again, these have only been seen, briefly, at auction, except those from the collection of Prince Sadruddin Aga Khan, which have been exhibited at Asia House in New York. Few people, even among art historians, have set eyes on the elephant procession that illustrates the art of Mogul painting in its first blossoming, when it had

thoroughly blended the Iranian heritage and the impact of Western European art. The strong shading of the rocks suggesting volume and depth, the peculiar slanting perspective of constructions in the distance, betray the influence of 16th-century European engravings. But the subject matter is purely Eastern, as is the handling of the figures. This miniature, sold at Sotheby's in October 1977, had been lost sight of until now.

More revelations are to be found among the objects d'art. The eastern Iranian pottery from Neyshabur in Khorasan, decorated with calligraphy in blackish-brown and red on white, ranks among the great creations of early Islamic art, and four bowls and platters that illustrate the art at its highest had been unrecorded.

Two bronze caskets with figurative scenes inlaid with silver are top-quality examples of late 12th-century metalwork from Khorasan. So is a drinking vessel of striking beauty. It is ascribed in the catalog to Jazna, now in northwestern Iran and southwestern Turkey; but the style of the calligraphy, the wording of the inscription, the handling of two silver inlaid figures of galloping horsemen, and the provenance of the object — from the Kabul market in Afghanistan, which includes half the historical province of Khorasan — leave no doubt that it comes from there. The caskets, equally typical of Khorasan in every aspect of style and technique, are attributed to "Tanjah or Hindustan," which is unlikely; we know nothing about metalwork in India at that time. A ewer with cylindrical body on three legs, typical of eighth-century Iran, is characterized as "Egypt . . . 9th, 10th century." A bronze door knocker, acquired in southern Iran with a Persian signature that the cataloger could not fully read, is not from "Iraq, Iran or Eastern Anatolia" but obviously from southern Iran.

Many other mistakes have slipped into the catalog. They are perhaps the inevitable consequence of the haste with which the exhibition was put together. The corrections for which they call emphasize even more the imbalance from which the exhibition suffers. While called "Treasures of Islam," it includes a large proportion of Iranian works. The share of Iran in the

Islamic east looms as large in art and literature as that of China in the Far East, a situation reflected in the art market. Since the Geneva exhibition consists of works from private collections, it was bound to reflect the state of the market. This has an unfortunate consequence. Turkey is inadequately represented — no uniformed visitor would realize the glory of its 14th-century woodwork or its 16th-century pottery after seeing this show — as is the Arab world. Another regrettable result is the extreme contrast between the splendor of some pieces and the mediocrity of others. Given the disproportionate share of Iran, there was no need for two figurative bowls from Neyshabur that are as ugly as they are poorly preserved. In addition, one or two works call for serious reservations concerning their dating and authenticity.

This does not prevent the Musée Rath exhibition from being a sensation for its abundance of new material and for some of its masterpieces. It is a great exhibition, one of the few major shows of international significance to be staged in Geneva since World War II.



Detail of work signed "Master Dust, portraitist."

## Eastwood Excel in 'Mystical' Western

By Vincent Canby

New York Times Service

NEW YORK — As the Book of Revelations puts it, "Behold a pale horse: and his name that sat on him was Death."

"Pale Rider" is the title of Clint Eastwood's entertaining, mystical new western, and the name of him who sits on the pale horse is, simply, the Stranger, also called Preacher when he chooses to wear a turned

## MOVIE MARQUEE

collar. No matter what his costume, he's still Death. The hard-working, ever-hopeful gold prospector in Carbon Valley, high in the spectacular Sawtooth Mountains of Idaho, are running low on supplies and patience. They've not yet made a big strike. A gang of thugs in the pay of an unscrupulous robber baron is regularly harassing them in an effort to persuade the prospectors to give up their claims.

After one such raid, in which her dog is killed, 14-year-old Megan Wheeler, after burying the animal, asks God for deliverance. "If You don't help us, says Megan, 'we're all going to die. Please, just one miracle.' As she pronounces 'Amen,' the camera cuts to the figure of a lone horseman astride a fine, pale horse, riding easily but with inexorable purpose toward Carbon Valley. He is, of course, the Stranger, played by Eastwood, who also directed. This veteran movie icon handles both jobs with intelligence and gusto.

"Pale Rider" recalls the curious metaphysics of Eastwood's "High Plains Drifter" (1973) which he also directed and in which he played another character called the Stranger, an implacable gunslinger eventually revealed to be the ghost of a high principled sheriff wreaking revenge on the Mormon worshiping townspeople who had lynched him.

Resurrection also is the key to "Pale Rider." However, just who this fellow was in his previous incarnation is left so vague, you have a right to suspect that he might have been Him.

It doesn't take particular inventiveness for an actor-director to cast himself as God. Ego comes with the territory. The difficulty is in bringing it off, which is where Eastwood's special talents come in. "Pale Rider" is a Western played absolutely straight, but it's also very funny in a dryly sophisticated way. There are laughs in it, and all but one or two of them are intentional, including a final, shameless quote from George Stevens' "Shane."

CAPSULE reviews of other movies recently released in the United States:

Janet Maslin of The New York Times on "St. Elmo's Fire":

Its characters are old enough to enjoy the first flushes of prosperity, but still sufficiently youthful to keep their self-absorption intact. Soon enough, they will have to give up their late-night carousing at a favorite bar and move on to more responsible lives. In the film's terms, which are distinctly limited, this will mean finding a more sedate hangout and going there for brunch. "St. Elmo's Fire" has seven attention-getting stars. As director, Joel Schumacher's hardest job is apportioning them equal time. When the story gets in the way of this, it is simply jettisoned. The central figure, the most unusual actor is Emilio Estevez, whose pugnaciousness is so crazily intense it leads itself to comedy. Judd Nelson's self-importance occasionally gives way to some welcome humor. Andrew McCarthy does very well as an aspiring writer who's the easygoing iconoclast of the group. The women's roles, less developed, are those of a garish extrovert (Demi Moore), a trim young professional (Ally Sheedy) and a nice-girl social worker (Marc Winningham).

Vincent Canby on "Henry IV":

Marcello Mastroianni's screen adaptation of Pirandello's play is an unexpectedly interesting work. It also offers the rare opportunity of seeing Marcello Mastroianni in a comparatively classical role — that of Pirandello's obsessed hero, a man of the modern world who for 20 years has lived under the delusion that he is the 11th-century German king and Holy Roman Emperor Henry IV. Bellocchio has, to a certain extent, "opened up" the play but, except for a crucial alteration of the ending, remains faithful to the original.

Janet Maslin on "Songwriter":

Willie Nelson and Kris Kristofferson declare war on the music business and very nearly win. This chaotic comedy also further establishes the maverick directorial touch of Alan Rudolph, who directed "Choose Me." Here he has a snapper, much messier, less languid style, recalling his "Roadie" in its choppy, its knowing view of show business and its humor, which tends to be exuberantly rude. Nelson once again commands the screen with effortlessly stellar authority as a country music superstar who has lost all patience with and control over the business side of his career. "Songwriter" has a free-spirited vitality that goes a long way toward overcoming its sloppiness.

## Two Exploratory Exhibits in Paris

By Michael Gibson

International Herald Tribune

PARIS — Jean-François de Lapérouse, a French naval officer who had escorted Rochambeau's regiment to North America during the war of independence, was entrusted by Louis XVI with a voyage of discovery around the world. It departed from Brest two centuries ago, in 1775.

Lapérouse crossed the Atlantic, sailed past Tierra del Fuego and made halts in Chile and at Easter Island, where he and his team of scientists watched in bemusement as the islanders crowded around them, flinging their hats or their handkerchiefs and scattering like naughty children. As the stay was to be short, Lapérouse did not feel he had time to improve their manners.

He sailed north to Hawaii, where he was the first to have set foot on this island in some time, I did not feel I should take possession of it in the name of the king. The

usage of Europeans are, in this respect, too utterly ridiculous. Philosophers must mean upon seeing that group of men, for the sole reason that they dispose of cannons and muskets, should count for nothing 60,000 of their fellow men; without any respect for their most sacred rights, they should consider as an object of conquest a land that its inhabitants have watered with their sweat and which, for many centuries, has been the grave of their ancestors."

Lapérouse's mission continued northward, then descended the western coast of North America

from Alaska (where 21 members of the crew were drowned in Lituya Bay) to California before crossing the Pacific to the Gulf of Tonkin, and sailing up to Kamchatka, where in September 1787 the team sent reports to France. In December, 12 members of the crew were killed by the inhabitants of an island where they had stopped to get water. In January the expedition reached Australia. After more reports were sent to France, the expedition sailed and disappeared.

It was only in 1826 that a British captain sailing through the islands of Santa Cruz in the South Pacific discovered a silver sword pommel such as a French naval officer might have worn. An inquiry established that Lapérouse's expedition had been shipwrecked on the island of Vanikoro. Many of the men were killed by the natives. About 50 survivors built a raft, but two men stayed behind rather than risk a crossing on such an unseaworthy vessel. The raft disappeared. The two men survived on Vanikoro for 30 years, during which time no European ship approached the island.

The Musée de la Marine has assembled almost 300 items (including the silver sword pommel) which resemble so many exhibits presented for a court inquiry.

"La gèneuse et tragique expédition Lapérouse," Musée de la Marine, Place du Trocadéro, through Sept. 23.

A Danish explorer was moving along the western coast of Greenland in 1934, in what was supposed to be an uninhabited region where to his great surprise, he came across an Eskimo camp. The weather was warm — all of a degrees centigrade (39 degrees Fahrenheit), and the couple were only loincloths. Their year two French anthropologists, Paul-Emile Victor and Robert Gossain, went to study the ways of the people of the region, Amassalik, and to collect artifacts. Some of these are being presented in an attractive little show organized around 50 or so gouaches devoted to life in Greenland between 1934 and 1950 by the Danish artist Gille Johansen (1897-1977).

"Greenland," Musée de l'Homme, Place du Trocadéro, through Nov. 3.

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## ARTS / LEISURE

Paris 'Robert le Diable'  
Played Straight, Almost

By David Stevens  
International Herald Tribune

PARIS — The tone for the Paris Opéra's revival of Giacomo Meyerbeer's "Robert le Diable" seemed to be set right at the start, with the orchestra's prelude accompanied by a filmstrip that was part of a grandiose succession of ensembles in a mock Cecil B. de Mille manner.

Yet what followed once the curtain went up, while tongue-in-cheek, was not the outrageous parody that this beginning suggested. With one ghastly exception, this just and preposterous Romantic extravaganza was presented as straight as could be expected, and musically it was given full measure — substantially complete (five hours, including two intermissions) and well-cut.

The problem with a revival of "Robert le Diable" after almost a century of oblivion is that it is probably due less to the opera's intrinsic interest than to its significance as a seminal work in the history of French grand opera and the Romantic movement generally. The story was regarded as silly when it was first staged in 1831, and what carried the day was Meyerbeer's music and a lavish and atmospheric staging — neither of which could have the same effect on an audience today.

Backed by a big production budget, Petrika Ionesco, the director and designer, and his costume designer, Florida Maruani, created the kind of fantasy Middle Ages that fitted with campiness without totally going over the edge. The Romantic scenic gestures are there, with affection if not always with conviction. For instance, when the demonic Bertram gets his comeuppance, he goes back to hell through a trap amid a satisfying burst of fire and brimstone. It is the stage effect that counts, not what it represents.

Alas, the celebrated Act 3 ballet of wayward nuns in a moonlit cloister — a forerunner of Romantic ballet and specifically of "La Sylphide" — was omitted.

**Stamp to Honor Writer of 'Gone With Wind'**

The Associated Press  
ATLANTA — Margaret Mitchell, whose novel "Gone With Wind" was published 50 years ago next year, will be the subject of a U.S. postage stamp to mark the anniversary.

The U.S. Postal Service said the stamp would be one of seven 1986 additions to the Great American Stamp series.

phide" and "Giselle" — was outrageously travestied in André Prokory's choreography. Whereas in 1831 Robert was played by the balletic graces of Marie Taglioni, today's Robert was confronted by a drag beehive that did not relate in any way to the spirit of the original.

Musically, "Robert le Diable" comes over less as an archetypal French grand opera than as an eclectic transitional work. Much of the music in the early scenes betrays the work's original conception as an open-ended, and therefore, echoes of early German Romantic opera and Italian cantata. There are also some ingenious orchestral effects, skillful vocal writing, and some splendidly effective set pieces such as Act 3's ballad, two tríos and a couple of rousing finales. But in the music, the opera confirms the judgment of Meyerbeer as a great assessor, rather than as a great creator.

The most solid music of the cast was Samuel Ramey as Bertram, the devil who unsuccessfully tries to capture the soul of his son Robert. Neither his lead role nor his role as the angelic age of demon is precisely dramatic, but then this devil is not exactly a character out of Goethe either. The soprano June Anderson's rinceau Isabelle, stopped the show at Monday's opening night. Her bravura singing of two of the most intimate scenes, "Midi" and "L'ange" sung with conviction and spicing tone as Alice, the foster sister who triumphs in the final act, or Bertram in the struggle for Robert's soul.

Alain Vanzo as Robert, pseudo-historical Duke of Normandy, was a shrewd piece of timing. Vanzo cuts no great figure on stage, and the character of Robert preposterously indecisive. But, on the other hand, Vanzo's performance was a rare, natural blend of French vocal style — a style probably traceable to Adolphe Hénin, and the original Robert, and the original Robert, and the original Robert.

The musical direction was the hands of the young American conductor Thomas Pulton, who his orchestral and choral forthwith and conviction.

Further performances June 29, July 2, 5, 6, 11, 13, 16 and an exhibition centering on "Robert le Diable" and Meyerbeer's French operas is at the Opéra through Sept. 20, daily from 1 P.M. to 5 P.M.



June Anderson in "Robert le Diable."

## Indian 'Living Arts' a Delight

By John Russell  
New York Times Service

WASHINGTON — "Aditi: The Living Arts of India" at the National Museum of Natural History came to this visitor as a delightful surprise.

"Aditi" is at once an exhibition of high-grade Indian painting and sculpture and a living evocation of Indian village life. Orchestras strike up. Dancers dance. Child acrobats turn themselves inside out. Puppets act out their stories. Jewelers, carvers, weavers, toy-makers go about their business. Almost life-size mock horses center to and fro, and a licensed saboteur or resident clown is encouraged to bring chaos wherever there is order. All this has been conceived, directed and designed by a young Indian designer, Rajeev Sethi.

How far what we see in "Aditi" duplicates what can be seen in any given Indian village is a matter for discussion. The important thing is that Sethi has a rare gift not only for presentation but for the handling of the living human beings who make the show such a delight. There is no regimentation, no schedule, no set program. The human beings come and go as they like. If they feel like performing, they do. If they don't, no one scolds. They do not look exiled, boxed in or put upon.

They are very funny, too, with boisterous and unfeigned high spirits that visitors clearly find contagious. Doubtless it helps that many of them perform great feats of skill and agility and that the craftsmen are very good at what they do. Indians have an inborn distinction that is heightened when they are doing something that is rooted in the Indian past and has been brought down to us intact.

But their activity has to be concerted. They have to have enough space not to fall over one another. We must never know what to expect next. There must be noisy places, but there must be quiet places, too. All this calls not only for stage-management of a high order but for delicate insights into human nature. Sethi excels in both these respects, and "Aditi" gives visitors a wonderful time. (The level of sales at the gift shop would alone be proof of that.)

"Aditi" can be seen through July 28, and is closed Wednesdays.

## A Sampling of London's 250 Exhibitions

By Max Wykes-Joyce  
LONDON — A sampling of some of the 250 exhibitions currently in London:

At the Odette Gilbert Gallery is the first one-man show of Alfred Whiteley, 57, who until two years ago was an art teacher in a school. His work is of a genre beloved by the English: literary painting, elegantly portraying a complex dream world, without the trappings of Surrealism, where "Pandora's Box" is a case full of tropical butterflies and where in "The Painted Ceiling" a mother watches over her sleeping child while two men construct a golden calf. This is a remarkable debut by a visionary artist.

"Alfred Whiteley," Odette Gilbert Gallery, 5 Cork Street, W1, through July 5.

"JPL Fine Art is showing more than 50 Bonnard, including the three-quarters-length oil 'A Baby' (c. 1894); the 'Sleeping Model' (c. 1905); still lifes of 'A Wicker Basket of Fruit on a Table Cloth' (1895) and 'A Platter of Fruit' (c. 1930); landscape watercolors such as 'Arcachon' (1930), 'Trouville' (c. 1935) and 'Le Camer' (c. 1938); and a wealth of drawings made from 1900 to 1940.

"Paintings, Gouaches, Watercolors and Drawings by Pierre Bonnard (1867-1947)," JPL Fine Art, 24 Davies Street, W1, through July 5.

At the Alan Jacobs Gallery, Kate de Rothschild is mounting her annual exhibition of about 40 major Old Master drawings, including work by Salvator Rosa, Francesco Piranesi, Giambattista Tiepolo, Luca Giordano, Hubert Robert, François Boucher and Rembrandt. One notable item is a pen, ink and chalk drawing, "The Workshop of the Cross," by Pietro Testa (1611-1650).

Until recently in the Chatsworth collection of the Duke of Devonshire, this is a working drawing for Testa's etching "The Allegory of the Flight into Egypt"; the virgin and child at the foot of the cross were cut from another sketch and pasted to this one, the drawing closest to the finished work.

"Old Master Drawings," Kate de Rothschild at Alan Jacobs Gallery, 8 Duke Street, St. James's, SW1, through July 5.

At the Rabi Gallery, which usually specializes in Middle Eastern antiquities, the walls have been given over to the Italian painter Riccardo Benvenuti. His chief theme is that of mysterious and beautiful young women, a theme that preoccupies his Renaissance compatriots.

"Riccardo Benvenuti," Rabi Gallery, 94 Mount Street, W1, through July 5.

At the Mercury Gallery is the second one-woman show of the Scottish painter Carol Ann Sutherland, whose colorful and quirkish images much attracted the attention at her debut in 1983. Her world consists of eccentric inventions — the young ship, the spotted horse, the changing sea, the sitting kite — portrayed with the utmost conviction, so that, despite one's initial doubts, one comes totally to accept and believe in them.

"Carol Ann Sutherland," Mercury Gallery, 26 Cork Street, W1, through July 6.

The Christopher Hull Gallery is showing recent works by John Craxton, some of which were seen earlier in the year in Crete, where the artist now lives for most of the year, and at the British Council's gallery in Athens. Born in 1922,

Craxton studied in Paris, for some time shared a studio with Lucian Freud and has worked chiefly in Crete since 1977. His large oils, in tempera on canvas, are executed with impeccable drawing, composition and color. The essence of good Mediterranean living is summarized in a kitchen still life, "Mezzes."

"Paintings and Drawings 1980-85 by John Craxton," Christopher Hull Gallery, 17 Motcomb Street, SW1, through July 6.

At the Hayward Gallery, the Arts Council invited the historian and dealer Nigel Greenwood to select this year's "Hayward Annual," which attempts to display major developments in contemporary British art. Instead of the usual catalog, the council has allowed Greenwood to produce an essay explaining his choices, accompanied by two folders of color reproductions. Too many of his choices are dreary oldsters like Francis Bacon, the knockabout comics Gilbert and George, and Henry Moore, but among the young he has lighted upon winners in the sculptor Nicola Hicks (b. 1960), the draftsman Julian Grater (b. 1959) and the collageist Anthony Zych (b. 1958).

"A Journey through Contemporary Art with Nigel Greenwood: The Hayward Annual 1985," Hayward Gallery, South Bank, SE1, through July 7.

L'Escargot is a Soho restaurant in an impressive 18th-century building, the paneling of which has been restored to its original elegance. Here the American painter Philip Core, now living and working in London, shows a worthy sequence of 29 portraits and one wooden portrait bust. Mounted to coincide with the publication of a book of his "Paintings 1975-85,"

with a foreword by George Melly, the portraits carry his imagery a stage farther than those illustrated in the book and promise, especially in the sculpture, exciting new developments.

"Still Alive — Pictures of His Friends from Life: Portraits by Philip Core," L'Escargot, 48 Greek Street, W1, through July 12.

Ros Newman's sixth one-woman show of sculpture, at the Alvin Gallery, fills the space with dancing, aerial, running and leaping figures made in steel burnished and painted so that the room seems filled with glittering movement.

"Ros Newman: Rhythms in Space," Alvin Gallery, 9/10 Grafton Street, W1, through July 11.

Hazlitt, Gooden & Fox's annual exhibition of 19th-century French drawings ranges in time from a self-portrait by Louis-Léopold Boilly (1761-1845) to "La Dame en Bleu" by Marie Laurencin (1885-1956). The 40 drawings include a page of studies by Théodore Géricault (1791-1824), a watercolor illustrating a La Fontaine fable by Honoré Daumier (1808-1879); the "Pont du Carrouvel" by Henri-Joseph Harpignies (1819-1916); a theatrical evocation, "Le Protecteur dans les Couilles" ("Sugar Daddy in the Wings"), by Jean-Louis Forain (1852-1931); and a splendid chalk drawing of "Two Cats" by Théophile Alexandre Steinen (1859-1923).

"Nineteenth Century French Drawings," Hazlitt, Gooden & Fox, 38 Bury Street, St. James's, SW1, through July 12.

Max Wykes-Joyce writes regularly in the IHT on London art exhibitions.

## INTERNATIONAL ART EXHIBITIONS

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The Europeans  
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Jean-Pierre CASSIGNOUL  
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Louis FABIEN  
Claude GAVEAU  
Fred JESSUP  
Jean KEMPE  
Constantin KLUGE  
LE PRO

The Postimpressionists  
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**Herald Tribune**

Opening for Talks in Seen in Moscow  
Commit Leaders Vow to Push for an Economic Recovery

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Country	1 year	6 mos.	3 mos.
Austria	4,000	2,170	1,170
Belgium	9,000	4,870	2,660
Denmark	1,930	1,040	570
Finland	1,410	780	410
France	1,200	640	350
Germany	480	261	144
Greece	1,010	550	300
Ireland	15,000	8,450	4,670
Netherlands	550	298	166
Norway	115	62	34
Portugal	27,000	14,040	8,000
Spain	9,000	4,870	2,660
Sweden	1,430	765	420
Switzerland	13,800	7,430	4,090
U.S.	21,200	11,500	6,200
U.K.	1,470	795	434
West Germany	490	261	144

Rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East  
\$ 322 174 95

Rest of Africa, Canada, Latin America, Caribbean  
\$ 462 238 130



NYSE Most Actives									
Vol.	High	Low	Last	Chg.	Vol.	High	Low	Last	Chg.
AMT	5033	24 1/2	25 1/4	+ 1/8	IBM	124 1/2	124 1/2	124 1/2	+ 1/2
AT&T	1850	41 1/2	42 1/4	+ 1/8	IBM	124 1/2	124 1/2	124 1/2	+ 1/2
IBM	124 1/2	124 1/2	124 1/2	+ 1/2	IBM	124 1/2	124 1/2	124 1/2	+ 1/2
IBM	124 1/2	124 1/2	124 1/2	+ 1/2	IBM	124 1/2	124 1/2	124 1/2	+ 1/2
IBM	124 1/2	124 1/2	124 1/2	+ 1/2	IBM	124 1/2	124 1/2	124 1/2	+ 1/2

Dow Jones Averages									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16

NYSE Index									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16

Friday's  
**NYSE**  
Closing

Vol. at 4 P.M. 165,240,000  
Prev. 4 P.M. vol. 104,730,000  
Prev. consolidated close 124,829,970

Totals include the nationwide prices  
up to the closing on Wall Street and  
do not reflect late trades elsewhere.  
Via The Associated Press

AMEX Diaries									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88

NASDAQ Index									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NASDAQ	211.11	211.11	210.88	210.88	+0.23	NASDAQ	211.11	211.11	210.88
NASDAQ	211.11	211.11	210.88	210.88	+0.23	NASDAQ	211.11	211.11	210.88
NASDAQ	211.11	211.11	210.88	210.88	+0.23	NASDAQ	211.11	211.11	210.88

AMEX Most Actives									
Vol.	High	Low	Last	Chg.	Vol.	High	Low	Last	Chg.
AMEX	111.11	111.11	110.88	+0.23	AMEX	111.11	111.11	110.88	+0.23
AMEX	111.11	111.11	110.88	+0.23	AMEX	111.11	111.11	110.88	+0.23
AMEX	111.11	111.11	110.88	+0.23	AMEX	111.11	111.11	110.88	+0.23

Dow Jones Bond Averages									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
DJBA	74.00	74.00	73.80	73.80	+0.20	DJBA	74.00	74.00	73.80
DJBA	74.00	74.00	73.80	73.80	+0.20	DJBA	74.00	74.00	73.80
DJBA	74.00	74.00	73.80	73.80	+0.20	DJBA	74.00	74.00	73.80

NYSE Diaries									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16

Odd-Lot Trading in N.Y.									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16
NYSE	1241.17	1241.17	1238.16	1238.16	+1.00	NYSE	1241.17	1241.17	1238.16

Friday's  
**NYSE**  
Closing

Vol. at 4 P.M. 165,240,000  
Prev. 4 P.M. vol. 104,730,000  
Prev. consolidated close 124,829,970

Totals include the nationwide prices  
up to the closing on Wall Street and  
do not reflect late trades elsewhere.  
Via The Associated Press

Standard & Poor's Index									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
S&P	211.11	211.11	210.88	210.88	+0.23	S&P	211.11	211.11	210.88
S&P	211.11	211.11	210.88	210.88	+0.23	S&P	211.11	211.11	210.88
S&P	211.11	211.11	210.88	210.88	+0.23	S&P	211.11	211.11	210.88

AMEX Sales									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88

AMEX Stock Index									
Index	Open	High	Low	Close	Chg.	Index	Open	High	Low
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88
AMEX	111.11	111.11	110.88	110.88	+0.23	AMEX	111.11	111.11	110.88

12 Month High Low Stock Div. Yld. PE									
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low

## Dow Average Reaches New High

NEW YORK — The stock market advanced further into record territory Friday with the Dow Jones industrial average closing at an all-time high of 1,335.46. Trading was moderate through much of the day but quickened at the end of the session.

The Dow finished with a modest gain of 3.25. Advances outpaced declines 910-683 among the 2,000 issues traded.

Volume decreased to 105.24 million shares from 106.73 million Thursday.

Before the market opened, the Commerce Department reported the U.S. index of leading economic indicators rose 0.7 percent in May and that the U.S. trade deficit widened to \$12.67 billion.

The 0.7-percent rise in the index of leading economic indicators was weaker than economists had expected. Combined with a larger-than-anticipated drop in M-1 money supply reported by the Federal Reserve after the market closed Thursday and the growing trade deficit, the data presented an argument for further interest rate declines, analysts said.

But George Keizer of A. Webster Dougherty & Co., of Philadelphia, said the economic signals are mixed. He said it will take time for recent interest-rate declines to stimulate the economy and that the Fed is patient enough to wait to see what those declines produce before it moves to ease credit again.

"Both the capital and equity markets will be in a volatile trading range for all of July," Mr. Keizer said.

Hildegard Zagorski of Prudential-Bache agreed. "This market's not really going to go anywhere," she said. "It's still in a trading range and could drift lower as second-quarter earnings reports arrive beginning in the second week of July."

One test for the market will be how investors react to those reports, which are "going to make some very poor reading," she said. Weaker earnings already are partly reflected in stock prices, she said. But even though many companies have warned investors that earnings are expected to be weak, "you often get a second wave of selling when the earnings are actually announced."

American Medical International was the most active issue on the New York Stock Exchange, up 1/4 to 26.

American Hospital Supply followed, up 1/4 to 41. Baxter Travenol said it would sweeten its \$3.6-billion bid for American Hospital Supply. Baxter Travenol was up 1/4 to 134.

AT&T was third, up 1/4 to 24. AT&T won a contract valued at close to \$1 billion to supply minicomputers to the National Security Agency.

Federal National Mortgage Association, sensitive to interest rate movements, added 1/4 to 20 1/2 on lower rates in the U.S. bond market.

CBS gained 1 1/4 to 116 1/4. The New York State Assembly voted 146-2 late Thursday in favor of a bill that would make it more difficult for Ted Turner to carry out his plan to acquire CBS for \$4.5 billion in stocks, bonds and notes. The legislation, which would change state laws governing corporate takeovers, has a good chance of being passed in the Senate, lawmakers said.

IBM gained 1/4 to 123 1/4. Cray Research advanced another 1/4 to 84 1/4 after jumping 2 1/4 Thursday. Motorola eased 1/4 to 34 1/4. Digital Equipment lost 1/4 to 93 1/4.

12 Month High Low Stock Div. Yld. PE									
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low
12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low

(Continued on Page 10)



AMEX prices	P.10	Earnings reports P.11
AMEX volume	P.10	Filing rates P.12
NYSE prices	P.8	Gold markets P.9
NYSE volume	P.10	Interest rates P.11
Commodity prices	P.14	Market summary P.8
Currency rates	P.9	Options P.11
Commodities	P.11	OTC stock P.12
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SATURDAY-SUNDAY, JUNE 29-30, 1985

# Herald Tribune BUSINESS/FINANCE

U.S. Stocks  
Report, Page 8.

Page 9

## ECONOMIC SCENE

### U.S. Nearing the Brink Of Foreign-Trade Disaster

By LEONARD SILK

New York Times Service

**N**EW YORK — What can be done about the yawning United States trade deficit, which reached a record \$123 billion last year and is rising still higher this year? Under mounting pressure from a host of industries, ranging from autos and steel to textiles, electronics and lumber that have seen their markets and jobs shrink, Congress has been urging the administration to adopt a more aggressive trade policy.

The administration has been trying to hold the line against protectionist pressures. On the whole, the administration has given relatively little ground thus far, but the mood in Congress appears to be swinging toward protectionism.

This week, a leading congressional trade expert, Representative Don Bonker of Washington, emerged from a meeting of congressmen with White House officials to discuss legislation to protect the lumber industry and declared: "The president doesn't care about trade."

This was obviously an overstatement. Nevertheless Mr. Bonker, like many congressmen, is critical of the administration for its failure to develop a more hard-hitting trade policy. They believe that time is running out for administration action. Some expect Congress to pass an outright protectionist bill that would impose a surcharge on all imports.

The trade policy issue is often seen as a battle between free-traders and protectionists. But, in the view of a growing number of economists, this is a simplistic way to see the issue. Some are now making the point that the trade issue breaks down into a long list of problems, which vary from industry to industry and affect the economy as a whole and not just individual industries.

Nevertheless, all problems cannot be swept into one. In agriculture, for example, the United States is competing with some of its major allies, such as Canada, Europe and Latin America, to sell to a declining number of other countries led by the Soviet Union. Pressures on farm prices have been intense and are putting the survival of many American farms in jeopardy.

New suppliers and new technologies could drastically increase output, raising the danger of an agricultural trade surplus. Negotiations with the Europeans over their common agricultural policy are seen as growing more urgent.

**A**NOTHER major issue is in the area of high technology and intellectual property. Should a pioneering company like the United States not have a better way of proving its achievements in technology and its new knowledge? If not, will this not kill technological progress before it gets into existence? New efforts are likely to be forthcoming in the field of protecting nations from losing their technological advances.

Competition is intensifying among old-line industries around the world. How important is it for the United States to lean on its basic industries in manufacturing, mining and agriculture? Is that a serious national security issue?

The traditional response of free-trade theory is that nations should produce only those goods or services in which have a comparative advantage. If the United States has its advantage in services, it should be prepared, according to this doctrine to see other industries go. But what if the process of setting up industries is facilitated by foreign policies of targeting local industries and subsidizing those to establish its own infant position in the world market? Does that not call for rethinking or at least an agreement from foreign competitors to such practices?

Even those who believe that a liberal and open trading system best serves the interests of the nation — and of world economy as a whole — are starting to consider whether the United States should adopt a more aggressive policy toward nations which do not play by free or fair trade rules. It is often singled out as the worst offender by many Americans.

## Currency Rates

Cross Rates	£	DM	FF	¥	₹	₪	₦	₧	₦
American	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
British	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
French	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
German	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Italian	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Japanese	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Spanish	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Swiss	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
U.S.	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701

Source: Reuters and other sources. Rates are for 100 units of foreign currency per 100 U.S. dollars. (U.S. dollar = 100 cents.)

Other Dollar Values

Currency	U.S.	£	DM	FF	¥	₹	₪	₦	₧
Argentine	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Australian	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Belgian	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Canadian	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Dutch	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
French	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
German	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Italian	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Japanese	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Spanish	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
Swiss	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
U.S.	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701

Source: Reuters and other sources. Rates are for 100 units of foreign currency per 100 U.S. dollars. (U.S. dollar = 100 cents.)

## Interest Rates

Rate	U.S.	£	DM	FF	¥	₹	₪	₦	₧
1 month	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
3 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
6 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
1 year	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701

Source: Reuters and other sources. Rates are for 100 units of foreign currency per 100 U.S. dollars. (U.S. dollar = 100 cents.)

Key Money Rates June 28

Rate	U.S.	£	DM	FF	¥	₹	₪	₦	₧
1 month	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
3 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
6 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
1 year	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701

Source: Reuters and other sources. Rates are for 100 units of foreign currency per 100 U.S. dollars. (U.S. dollar = 100 cents.)

U.S. Money Markets

Rate	U.S.	£	DM	FF	¥	₹	₪	₦	₧
1 month	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
3 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
6 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
1 year	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701

Source: Reuters and other sources. Rates are for 100 units of foreign currency per 100 U.S. dollars. (U.S. dollar = 100 cents.)

Gold

Rate	U.S.	£	DM	FF	¥	₹	₪	₦	₧
1 month	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
3 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
6 months	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701
1 year	1.3405	4.457	12.248	246.36	8.077	1.1822	2.701	1.2822	2.701

Source: Reuters and other sources. Rates are for 100 units of foreign currency per 100 U.S. dollars. (U.S. dollar = 100 cents.)

### Mexico Devalues Peso 33%

Official Rate  
Is Set Afloat

Compiled by Our Staff From Dispatches

**MEXICO CITY** — The Mexican government effectively devalued the peso Friday by 33 percent by raising its official exchange rate to compete with private exchange houses that give American tourists more than 300 pesos for their dollars.

Analysts said the government, which did not want to announce a peso devaluation before its July 7 elections, was quietly acknowledging the black market in pesos and letting its state banks enter the free market instead of trading the Mexican currency at an official exchange rate.

"It's a clever way to regain control of the exchange market without having to announce a devaluation," one analyst said.

Private traders had been buying dollars at up to 310 pesos, and selling them for some 325 pesos. Until Friday, banks, which are all government-owned, were required to operate at the standard rate, which this week was at roughly 245 pesos to the dollar.

Bank officials, after a meeting Thursday, decided to open trading Friday at the uncontrolled rate offered by the private exchange houses, which is some 33 percent higher than the figure the banks were forced to follow.

The move was seen as an attempt to stop customers from taking advantage of the lower, uncontrolled bank rates. American tourists typically sold their currency at the free rate, while Mexicans drained dollars out of the state-run banks at the controlled rate.

The decision included the abolishment of exchange houses inside the Mexico City International Airport where, previously, anyone with a plane ticket could buy dollars at well below the uncontrolled private rate, according to one report.

Analysts said the devaluation was forced in part by Mexico's efforts to make payments on its foreign debt, now at \$97.5 billion, and by the reduction last week of heavy oil prices for export, which will cost Mexico \$520 million a year.

The peso has undergone two major devaluations in the past three years and currently is devalued daily at a rate of 21 centavos. There are 100 centavos to a peso.

In Laredo, Texas, International Bank of Commerce was buying pesos Thursday at 320 to the dollar, while Texas Commerce Bank in McAllen, had an exchange rate of 317 to one.

Joe Carrizales Jr. of the Valuta exchange house in El Paso, Texas, which was buying at 313 to the dollar Thursday, said there had been a large demand for American dollars.

"For the last month, when all the rates went crazy, we've had more people wanting dollars," he said. "The rate gets moved by the demand of dollars."

(AP, UPI)

### Shearson Lehman Seeks New Image



Peter A. Cohen, right, chief executive of Shearson Lehman, and Peter J. Solomon, vice chairman.

### Merged Firm Struggles to Gain Upscale Identity

By James Stern

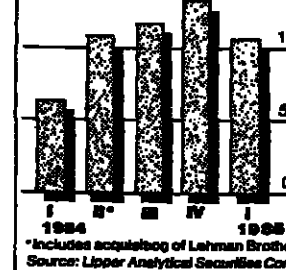
**NEW YORK** — When Shearson Lehman Brothers Inc. moves later this year into its newly constructed lower Manhattan headquarters, two stalwart traditions of the old Lehman Brothers Kuhn Loeb culture will go with it: the elegant partners' dining room and the silver boxes with the uninitiated free cigars that Lehman partners have enjoyed for years.

Other than those aristocratic symbols, however, not much survives of the old Lehman Brothers, the one-time investment banking powerhouse acquired by American Express Co. for \$380 million a little more than a year ago and joined with its Shearson unit.

"Frankly, there is no Lehman anymore," said Jeffrey B. Lane, Shearson Lehman's vice chairman and chief operating officer. "The pieces are so blended in at this point that you cannot separate them out. The focus is different, and our pitch has changed."

### Banking Fortunes

Quarterly operating revenues in millions of dollars



Source: Upper Analytical Securities Corp.

But if the aura that had surrounded one of Wall Street's oldest investment banking firms is now faded, Shearson executives maintain that they have gained much of what they had sought: an investment banking operation that would confer prestige — and lucrative fees — on what had primarily been a retail brokerage house, and significantly bolster Shearson's existing securities underwriting and trading efforts.

Indeed, Lehman's old trading and money-management operations, most of which remain relatively autonomous, have thrived in the recent bull market, making the acquisition price of \$380 million seem cheap. Shearson has also jumped into the first ranks of underwriters.

Although Lehman was only the latest in a string of 18 acquisitions that have been the building blocks for today's firm, Peter

A. Cohen, Shearson's chief executive, did not hesitate to call it "our best deal." For the first time in years, he said, he is not on the prowl for more acquisitions. "We have all the resources in place now to do what we want."

Even the announcement that Sanford I. Weill, the man who built Shearson and then became president of American Express, will be leaving, was not expected to blow Shearson off course. Mr. Weill's assignments had taken him away from Shearson and left Mr. Cohen in command.

But Shearson's future remains cloudy. Some of its key investment bankers have left, and more are expected to leave in two more years when the contracts they signed not to join competitive firms expire. A weakening of the investment banking operations could be critical, Shearson would like to use its abilities there as a fulcrum to tilt its emphasis away from its low-margin retail distribution and brokerage businesses toward higher-margin operations in which it would act as a principal.

"The challenge is not to recreate Lehman Brothers, but to create something entirely new," said Peter J. Solomon, formerly at Lehman and now vice chairman and co-director of the investment bank. "We have not

(Continued on Page 11, Col. 5)

### Anti-Turner Bill Gains in New York

United Press International

**ALBANY, New York** — The State Assembly has voted 146-2 in favor of a bill that would make it more difficult for Ted Turner to carry out his plan to acquire CBS for \$4.5 billion worth of stock, bonds and notes.

The legislation, which changes state laws governing corporate takeovers, has a good chance of passing the Senate, lawmakers said. The bill, which was passed late Thursday, would require a majority of the board of directors of a corporation based in New York state to approve any attempt to acquire a controlling share, or 20 percent, of a corporation. Under the legislation, the acquisition would have to be approved by the holders of two-thirds of the outstanding shares if the board opposes the takeover.

No approval is needed by the directors or the shareholders if the offer is made in cash, the bill says.

The bill would also restrict so-called two-tier offers, in which corporate raiders offer to pay more than the market value for shares of stock to get control of a company, then pay a lower price for the remaining shares. The bill would require anyone offering a high price in an attempt to obtain control of a company to offer the same price for all remaining shares.

The legislation was praised as a way to protect New York-based companies from hostile takeover bids that threaten the stability of companies as well as the state's overall business climate.

"I think this is really a terrific and important piece of legislation," said Assemblyman Richard Gottfried, Democrat of Manhattan. "Any legislation that will keep our companies from being picked apart and torn apart and taken away from us should be supported."

The legislation would affect the

### Japan Reports Another Large Trade Surplus

Reuters

**TOKYO** — Another large monthly trade surplus was announced by Japan on Friday as officials put the finishing touches on a package of measures to try to contain growth.

The Finance Ministry said that Japan sold the rest of the world \$4.28 billion more in goods than it bought in May, a huge jump from the \$2.99-billion trade surplus in May last year.

Exports in the month rose to \$14.23 billion from \$14.09 billion a year earlier, but lower oil prices helped push imports down to \$9.95 billion from \$11.10 billion.

The latest figure brought Japan's trade surplus for the first five months of the year to \$17.29 billion, almost 20 percent higher than in the same period in 1984.

Japan's export successes and a perception that its market is not completely open to imports has triggered widespread complaints from the United States, Europe and its Asian neighbors.

Many countries are preparing measures to curtail the flow of Japanese goods and preserve jobs in industries at home that cannot compete with Japanese products.

To counter such moves, Japan is assembling an "Action Program" designed to increase imports to bring trade more into balance. Government officials said details would be announced by the end of July.

On Thursday, Prime Minister Yasuhiro Nakasone promised to take action to simplify customs procedures for goods entering Japan. He has already pledged to cut or end tariffs on 1,800 items and said he hoped to announce measures to strengthen the yen, making Japan's goods more expensive abroad.

Japan's current-account balance-of-payments surplus, which takes non-merchandise earnings such as services into account, also expanded in May, from \$1.99 billion in May 1984 to \$3.58 billion.

**Trade Talks End in Tokyo**

Japan and the Association of Southeast Asian Nations ended two days of trade talks in Tokyo Friday with a call for "renewed and determined efforts" to strengthen a free-trade system. United Press International reported.

The appeal was contained in a joint statement, summing up discussions between economic ministers of the two Asian partners. It was the first conference of economic

ministers held by Japan and ASEAN in nearly six years.

ASEAN includes Indonesia, Malaysia, Singapore, Thailand, the Philippines and Brunei.

Japanese officials said the six-nation regional group pledged to support the opening of a new round of trade talks in return for Japan's commitments to further open its market to imports from the ASEAN countries.

**Recorder Exports Drop**

Exports of video tape recorders by Japan fell to 1.89 million units in May from 2.13 million in April, but were up from 1.71 million a year earlier, Reuters reported Friday.

The VTR exports included 1.26 million to the United States, up from 887,803 a year earlier.

Other statistics released Friday showed that Japan's unemployment in May fell to 1.53 million from 1.57 million in April and from 1.60 million a year earlier.

(Continued on Page 13, Col. 1)

### New York Traders Push Dollar Down

United Press International

**NEW YORK** — A relatively weak economic showing in the leading U.S. indicators sent the dollar down Friday against major currencies. "Expectations about a rebounding U.S. economy now seem premature, and the dollar was hit all around," a London dealer said.

The index of leading indicators, designed to predict economic activity in the months ahead, rose 0.7 percent in May, a much smaller rise than the market expected.

The pound benefited most from the dollar's weakness. The currency rose to \$1.3090 in New York from \$1.2955. Other late New York prices, with comparable Thursday rates, included: 3.0355 West German Deutsche marks, down from 3.0510; 2.5400 Swiss francs, down from 2.5565; 9.2300 French francs, down from 9.2850; 1.928 Italian lire, down from 1.94











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House of Beef

Adjacent to the Washington Marriott

Colombia	63	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.
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**The International Herald Tribune  
Bringing the World's Most  
Important News to the World's  
Most Important Audience.**

**Dollar**

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## BUSINESS ROUNDUP

## Enserch Plans To Reduce Assets

**New York Times Service**  
NEW YORK — Enserch Corp., affected by falling oil and gas prices, has announced that it will write down its assets by about \$225 million before taxes in the second quarter. The company said Thursday that the write-down, to about \$400 million, would be partly offset by a \$85-million after-tax gain from the public sale of about 15 percent of Enserch Exploration Partners Ltd., a limited partnership formed in April. Some analysts believed the write-down would result in a second-quarter loss for the Dallas-based company.

Enserch earned \$14.8 million, or 16 cents a share, in the second quarter of 1984. The company declined to comment on this year's second quarter.

## Nestlé, Unilever Plan Merger of Some Units

**Reuters**  
VEVEY, Switzerland — The Nestlé and Unilever groups plan to merge their fresh dairy product activities in France and Belgium by mid-1986, Nestlé SA said Friday. Nestlé would be the majority partner.

A spokesman for Nestlé declined to give financial details of the agreement.

The merger would comprise Nestlé's Chambourcy subsidiary in France and Unilever's units in France and Belgium, Nestlé said. Nestlé has no fresh dairy product company in Belgium but sells Chambourcy products there.

Chambourcy had revenue of 1.18 billion French francs (\$126 million) last year, while Unilever's French units, La Ruche aux Fées

and Rousset, had revenue of 1.12 billion francs.

Unilever's Belgian subsidiary, Jacky, had revenue of 2.65 billion francs (\$43 million). Chambourcy employs 1,700 people, and Unilever's French units 1,650. Jacky employs about 700 people.

The agreement is subject to government approval.

The merger was prompted by pressures on profit margins, a Unilever spokesman in London said. Recent cost-cutting measures were not enough to secure long-term profitability and "a structural solution was therefore necessary," he said.

Nestlé emerges as the majority partner because it is more strongly based in the relevant refrigerated foods such as yogurt.

## AT&amp;T Wins Computer Contract

**The Associated Press**  
WASHINGTON — American Telephone & Telegraph Co., which entered the crowded computer field only last year, has won a major contract from the National Security Agency that ultimately could be worth as much as \$946 million.

Under the contract, confirmed Friday by the Defense Department, the giant communications organization would provide as many as 250 of its new 3B line of super minicomputers to the NSA, the largest and most secret of the nation's intelligence agencies.

Neither AT&T nor the security agency would disclose how the new computers would be used. An agency spokesman, Mike Levin, would say only that the machines were for a "new purpose" and would involve "many units, spread out over a number of places."

The agency recently was assigned responsibility for computer security within the government.

AT&T said it would get the full \$946 million only if the agency exercises all the options in the contract, which extends through 1988. In winning the job, AT&T beat out a host of major computer makers, including International Business Machines Corp., Gould Inc. and Digital Equipment Corp.

"This is a very large procurement which we worked very hard on for more than a year," said Warren Corgan, vice president in charge of AT&T's Federal Systems Division.

## Amexco to Shut Japan Banking Unit

**Reuters**  
TOKYO — American Express International Banking Corp. has told the Japanese Finance Ministry that it will return its Japanese banking license and suspend banking operations by next January, a bank spokesman said Friday.

The move follows a decision by its parent company, American Express Co., to concentrate on securities rather than banking in Japan. Shearson Lehman Brothers Kuhn Loeb Asia Inc., which is owned by the holding company, said Thursday that it intended to apply soon for a securities bank license.

Shearson Lehman has an office in Tokyo but its activities there are limited. A securities license would enable the company to engage in such operations as bond and stock brokerage and bond underwriting, a Shearson spokesman said.

American Express International set up its Tokyo branch in 1954 and had assets of 78.9 billion yen (\$317

million) at the end of March, the spokesman said. It is rated as a middle-level bank in assets among the 76 foreign banks in Japan, but its return on assets puts it among the top 10, he said.

Banking sources said foreign banks account for only about 3 percent of banking in Japan.

A senior banker at a large U.S. bank said liberalization of the financial market in Japan has barely touched the money market, which restricts foreign bank operations.

Some bankers said American Express' decision is typical of the shift by foreign banks into securities.

Their interest is restricted mainly to underwriting and dealing in government and other public bonds.

Some banks have tried to deal in a wider variety of bonds by encouraging their securities subsidiaries to set up offices in Tokyo. The Bank of Japan tends to turn a blind eye to bond transactions by these offices.

Citicorp, which has long been engaged in banking through the Tokyo branch of Citibank N.Y., has made inroads into securities through its interest in Vickers da Costa Ltd., sources said.

Citicorp's access to securities through Vickers is allowed because its stake in the company is below the 75-percent limit set by the foreign securities house law, they said.

Japan and West Germany last week held talks about the possible entry of West German banks into the securities market.

## Car Firms Make Cuts in Argentina

**United Press International**  
BUENOS AIRES — Argentina's two largest auto companies, Ford and Renault, have announced they were temporarily suspending or curtailing production because of labor unrest and plummeting sales.

A Ford spokesman said the company, Argentina's largest auto concern, had indefinitely suspended production line operations at its main plant near Buenos Aires after a one-day occupation of the factory by employees protesting the dismissal of 33 workers.

In Córdoba, a spokesman for Renault said production at its Renault Isidre plant would be suspended every Monday for five weeks, beginning July 1. "The market is going down every day," he said.

## Mergers Become Long-Term Strategy

(Continued from Page 9)  
the United States. Annual sales would be \$19 billion.

Capital Cities Communications Inc. is snapping up the much larger ABC for \$3.5 billion.

Rupert Murdoch, the publisher, is seeking a group of independent television stations from MetroMedia Inc. for \$2 billion.

GM and IBM, which have seldom made major acquisitions, began last year to do so as they pursued their business strategies. GM bought Electronic Data Systems for \$2.6 billion, and IBM purchased that 77 percent of Rolm, a telecommunications manufacturer, that it did not already own, for \$1.3 billion.

This year, GM is seeking Hughes, and IBM is allying itself with MCI Communications Corp. in an agreement to buy up to 30 percent of the stock of the long-distance telephone company.

"Truly we are not just talking about merger for merger's sake," said Alfred Rappaport, a mergers expert at Northwestern University. "These are parts of strategies for transfer of technology and productivity. The motivation is quite clear."

Mr. Olenzak, the Sun Co. planner, said of GM's move: "They are designing a corporation for the year 2000."

In the broadcasting industry, more mergers are expected, because the Federal Communications

Commission has allowed a single owner to hold up to 2 television, 12 AM and 12 FM stations, up from 7 in each category.

The most stunning broadcasting mergers, however, are taking place with the network. NBC was able to bid for the network because the network's stock price had fallen so low. And Mr. Turner was able to make his publicized run against CBS because of the availability of junk bonds that allow him to raise cash.

In banking, regional institutions are expected to get together with more frequency now that the Supreme Court has backed combinations. Wachovia Corp. of North Carolina and First National Bank of Atlanta announced a proposed combination, as did First Union Corp. of North Carolina and Atlantic Bancorporation of Florida.

The airlines were the first to announce a merger. United and TWA, which were merged by the Supreme Court, announced a merger. United and TWA, which were merged by the Supreme Court, announced a merger.

largest private hospital company and the largest hospital supplier. But Baxter Travenol suddenly decided that it, too, wants American Hospital, and although its first bid was rejected, it has now sweetened its offer. Baxter Travenol said it was offering \$50 a share, or \$3.6 billion, for American Hospital's 72.6 million shares outstanding. HCA's offer is valued at \$35 a share, or \$2.5 billion, to holders of American Hospital stock.

At RCA Corp., there was elation recently over the agreement to sell the Hertz car-rental business, which had been put on the block several years ago when it no longer seemed to fit with RCA's business. UAL Inc., the owner of United Airlines, said Hertz was a fit, however, and agreed to buy it last week for \$587.5 million.

Gulf & Western Industries and Wickes Cos. found a different kind of fit. As the big conglomerate pursued its investment strategy, it was eager to sell its consumer and industrial groups. Wickes was willing to buy them for \$1 billion.

"What is going on in the U.S. today are several trends causing a restructuring of all American business," Mr. Olenzak of Sun said. "One is a political-economic trend toward deregulation and lower tariffs. Another is a trend toward a free market, with competition in almost everything. Companies are now for sale, just the same as products and services."

## Chrysler Finance Arm To Buy E.F. Hutton Unit

**The Associated Press**  
DETROIT — Chrysler Financial Corp., Chrysler Corp.'s finance arm, will buy the common stock of E.F. Hutton Credit Corp. for \$125 million, it was announced Friday. The Hutton unit is involved in commercial lending and leasing.

In mid-May, Chrysler announced a joint venture between Chrysler Financial and General Electric Credit Corp.

## COMPANY NOTES

Alcoa of Australia Ltd. and the Victoria state government have increased their stakes in the 1.15-billion-dollar (\$766 million) Portland aluminum smelter project by 15 percent. Rob Jolly, state treasurer, said Alcoa now holds 60 percent and the government 40 percent.

Amada Co. of Japan has signed an agreement to buy about 40 percent of Prima Industrie SpA of Montecatini, Italy, for 1.10 billion yen (\$442 million), including 200 million yen as payment for research and development that Prima conducted for Amada.

Britoil PLC has awarded £20 million (\$25.8 million) in contracts for the commissioning phase of the Clyde Field in the North Sea, where oil production is to begin in March 1987. ADC International Ltd., BICC PLC, SGB Group PLC and Salamis Marine & Industrial Ltd. won the contracts.

Kawasaki Heavy Industries Ltd. of Japan has signed an agreement with China National Automotive Industry Import & Export Corp. to market motorcycles under license in China.

Mitsubishi Heavy Industries Ltd. of Japan said it has signed a technological cooperation agreement with Spain's largest industrial group, the state-owned National Industrial Institute. The pact calls for cooperation in shipbuilding, ship repairs, engine manufacture and offshore construction.

Old Court Savings & Loan Association's withdrawals have been frozen for at least 20 days by a

## BALTIMORE JUDGE

Baltimore judge who also has barred the thrift from accepting any new deposits. Judge Martin Greenfield allowed Old Court to pay off all balances of less than \$100, about 4,500 accounts.

Pillsbury Co. of Minneapolis has purchased about 24 million shares tendered under its offer for Diversified Inc. at \$11.50 a share. Pillsbury said an additional 4.5 million shares have been tendered. Diversified has about 33.6 million shares outstanding.

United Airlines plans to increase flights to Japan from Los Angeles, San Francisco and New York on the routes it has purchased from Pan American World Airways for \$750 million as soon as transfer of the those operations is completed.

Rothmans Holdings Ltd. of Australia said it is entitled to 61.6 percent of the 13.93 million issued shares in Allen's Confectionery Ltd. after Life Savers Ltd. accepted a Rothmans offer for its 16.2-percent stake.

Siemens AG of Munich said it is planning a geothermal-energy project with Deutsche Schachtbau und Tiefbohr GmbH and Deutsche Tiefbohr AG. Financing and location have not been settled.

Yardney Corp. of Los Angeles said its shareholders have adopted an agreement to merge with a subsidiary of Whitaker Corp. under which Yardney stockholders will receive \$5.50 per share. Yardney manufactures high-energy-density batteries and water-filtration systems.

## White House Under Pressure To Confront Trade Problems

(Continued from Page 9)  
the large United States bilateral trade deficit with Japan is offered as evidence of this.

This week, in an effort to ward off such attacks, Japan announced that it was making a sweeping unilateral reduction on duties on 1,790 items to open its market wider to foreign products.

But the U.S. trade difficulties, in the view of many economists, stem not just from the deeds of others but from the failings of the United States itself and its industries and labor. Low productivity growth and inadequate rates of investment are blamed as the underlying causes of declining United States competitiveness in many fields.

Whatever the problems of individual industries, two major macroeconomic problems are disturbing the trade position of U.S. industry: the overvalued dollar and the more rapid rate of U.S. expansion compared to most other countries. The former puts U.S. products at a serious price disadvantage and the latter sucks imports into this country more rapidly.

Both of these problems are proving tough nuts to crack. The dollar has held up, partly because the United States budget deficit remains high and this country has become a heavy capital importer from other countries. Further, the United States economy has slowed

down from the rapid rate of advance in 1983 and the first half of 1984, but the trade problem has not yet eased.

An ancient proverb holds that the more money things, but the hedgehog knows production. The one big thing that has dominated United States trade policy since the war — the concept of free trade — appears to be giving way to the belief that the United States now must do many things if it is to rescue itself from a foreign trade disaster. A more aggressive and diverse United States trade policy is in the making.

## National Australia Bank Raises Loan Rate 0.5%

**Reuters**  
MELBOURNE — National Australia Bank Ltd. said Friday that it will raise its benchmark lending rate to 18.25 percent from 17.75 percent on July 1. It also said it will lift its base lending rate, the other component of its split prime rate for large corporate loans, to 17.25 percent from 16.75 percent.

The new benchmark rate is the highest set in Australia since trading banks began using the term for large corporate lending rates early this decade. The previous record was 17.75 percent.

## INTERNATIONAL CLASSIFIED

<b>EMPLOYMENT</b>	<b>AUTO RENTALS</b>	<b>TO SHIPPING</b>	<b>AUTOS TAX FREE</b>	<b>(Continued From Back Page)</b>	<b>RESTAURANTS NIGHT CLUBS</b>	<b>SERVICES</b>	<b>SERVICES</b>
<b>DOMESTIC POSITIONS WANTED</b>	<b>CHAUFFEUR SERVICES</b>	<b>SWISS CAR TO &amp; FROM USA</b>	<b>10 YEARS</b>	<b>AUTOS TAX FREE</b>	<b>SWITZERLAND</b>	<b>PARIS 562 0587</b>	<b>PARIS 562 0587</b>
FRENCH STUDENT needs work in California, USA, experienced, 25-35 yrs. exp. Free info. Tel. 781 35 35.	MERCEDS COUPE. You can enjoy a trip in France with a Mercedes. 46 hp, 2000 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h.	FRANK/EMILY, Germany, 11 yrs. exp. Tel. 069-48871. Tel. 069-48871. Tel. 069-48871.	We deliver cars to the world. Making a constant stock of more than 2000 brand new cars. Tel. 020-62577. Tel. 020-62577. Tel. 020-62577.	USED & NEW CARS. Best choice. Sales & shipping worldwide. Mercedes, BMW, VW, etc. Tel. 020-62577. Tel. 020-62577. Tel. 020-62577.	AU VIEUX CHATEAU - RULY. Swiss style gourmet dining, bar, dancing, lounge and private parties. Tel. 020-62577. Tel. 020-62577. Tel. 020-62577.	PARIS 520 97 95	PARIS 520 97 95
<b>EXCELLENT FRENCH COOK</b> seeks position in private home. Tel. 781 35 35.	<b>HOW TO IMPORT A EUROPEAN CAR INTO THE U.S.A.</b>	<b>AI CONVERSION</b>	<b>TRANSO</b>	<b>BOATS &amp; RECREATIONAL VEHICLES</b>	<b>FOR SALE &amp; WANTED</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
<b>AUTOMOBILES</b>	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LEGAL SERVICES</b>	<b>WATERBURY 220 VOLT HEATERS</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
MERCEDS from EUROPE. WE FURNISH TO WEST U.S. DOT & EPA. 5 YEARS WARRANTY. J. FRANK INC. Indianapolis, Indiana 317-291-4108.	MERCEDS 300 SL C 1981 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h.	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>BUSINESS VEHICLES &amp; Immigration</b>	<b>DIAMONDS/SAPPHIRES/EMERALDS</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
<b>FOR SALE SUPERB MERCEDES</b>	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>ARTS</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
K1 1985, perfectly restored, as new. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h.	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>STUDENT &amp; YOUTH PARTIES</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
<b>MERCEDS 300 SL C 1981 1200 cc</b>	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
3000 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h.	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>STUDENT &amp; YOUTH PARTIES</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
<b>MERCEDS 300 SL C 1981 1200 cc</b>	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
3000 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h.	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
<b>MERCEDS 300 SL C 1981 1200 cc</b>	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
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3000 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h. 1200 cc, 120 km/h.	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
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<b>MERCEDS 300 SL C 1981 1200 cc</b>	<b>NEW MERCEDES</b>	<b>EMISSION ENGINEERING</b>	<b>TRANSO</b>	<b>LOW COST TOURS</b>	<b>THE MASTER FORGER</b>	<b>PARIS 527 01 93</b>	<b>PARIS 527 01 93</b>
3000 cc, 120 km/h. 1200 cc, 120 km/h. 12							



**ACROSS**

1 Flag woman of 1777  
5 Cheekbone  
10 Garret  
15 Kind of rain or test  
19 Utter or vigil  
20 Wazhazie  
21 Bluster  
22 Japanese beverage  
23 Start of a quotation  
26 Emulate  
27 Freshen, with "up"  
28 Guide; teacher  
29 Irony entree  
31 "... our flag was still ..."  
33 Quotation: Part II  
39 Baltic port  
40 Dismantle  
41 ... Marie  
42 Norman Lear forte  
43 Quotation: Part III  
45 Forepole  
46 Provoked  
49 Typewriter part

**ACROSS**

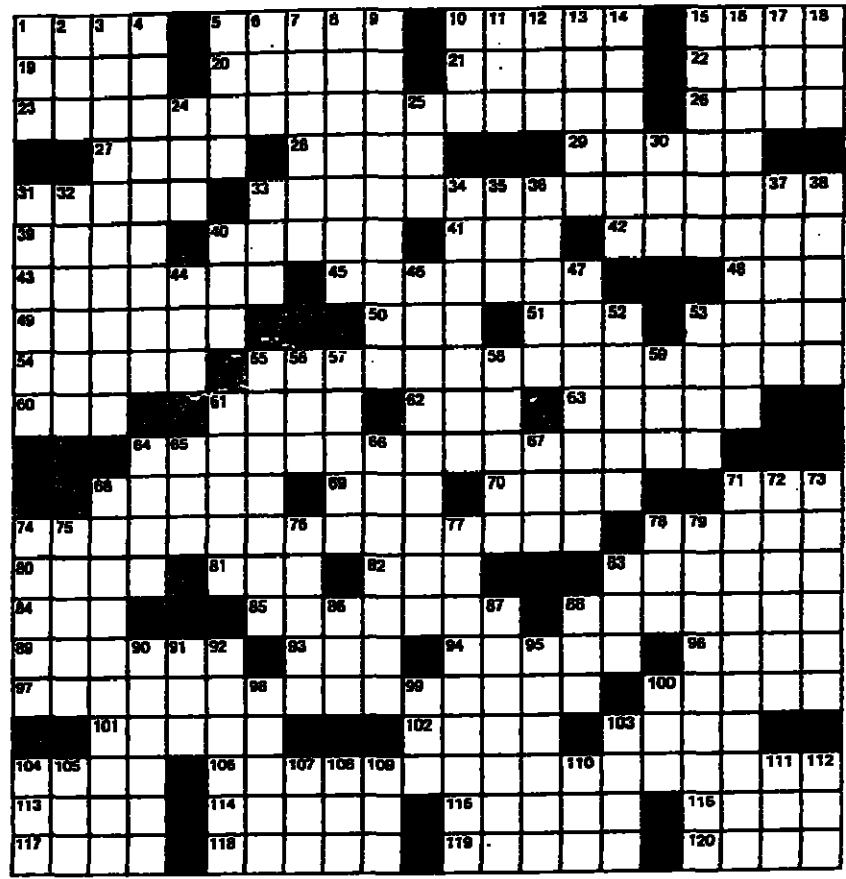
50 Dir. from Springfield to Boston  
51 Loop loopers  
52 Kind of shark  
54 Strength of a chemical  
55 Quotation: Part IV  
60 It is so  
61 Countess's spouse  
62 Suffix with expert  
63 Certain fashionable creations  
64 Quotation: Part V  
68 Integrity; valor  
69 Sport  
70 Two Va. towns  
71 Romaine lettuce  
74 Quotation: Part VI  
78 Core  
80 A lot  
81 Indian weight  
82 Cartogram  
83 Social reformer Margaret

**ACROSS**

84 Famed cargo of Boston  
85 Reno's chance  
86 Quotation: Part VII  
88 Resume  
89 Pitcher McGraw  
94 Texan's grassy plain  
96 Ruminant  
97 Quotation: Part VIII  
100 Kind of lace  
101 Red, white or blue  
102 "... Ideas," feature  
103 Famed wedding site  
104 Swift, spirited steed  
106 End of the century  
113 Decoy  
114 ... les-Bains, French spa  
115 Murrow's "... Now"  
116 Fast-food order  
117 Villanous look  
118 Patron saint of France  
119 Insuperior  
120 Descartes word

## Paine Declaration: 1776

BY CAROLINE G. FITZGERALD



© New York Times, edited by Eugene Malachuk.

**DOWN**

1 Cheer  
2 "... if by land, and ..."  
3 Blame bearers  
4 Division  
5 Cistercian, e.g.  
7 Leaf monkey  
8 Guinea pig's kin  
9 Packaged again  
10 Light silvery gray  
11 "... if by sea"  
12 Aggie  
13 Net fiber  
14 Seraphim and cherubim, e.g.

**DOWN**

15 State  
16 Erratic  
17 Harry's successor  
18 Droplet on a petal  
24 Homophone for air  
25 Have dinner  
30 Kalamazoo  
31 Like Friday  
32 Flower child  
33 Kin of qts.  
34 Manumit  
35 Egg: Comb. form  
36 Diamond—window

**DOWN**

37 Atoll component  
38 Rectify  
39 Riv. boat  
44 Suffix with cash  
46 Badges of office  
47 Telephone pioneer: 1857-1877  
52 Unkempt  
53 Kin of qts.  
54 Master  
55 Table type  
56 Revolutionary patriot-inventor

**DOWN**

57 Norwegian kings  
58 Colonial historian: 1823-93  
59 Bale  
61 Kefauver  
64 Or-furrowed  
65 Common Mkt.  
66 Some spices  
67 Teachers' org.  
68 "... deep-drenched in ..."  
71 Arithmetician's gadget  
72 Threatener's phrase  
73 Stickball locale  
74 City or river near Moscow  
75 Absquatulates  
76 Lyric Muse  
77 Offer a defence  
78 Shack  
79 Reject  
80 To's partner  
86 Fall flower, for short  
87 Type of horn  
88 "... to the Republic ..."  
90 One conducting investigation  
91 Conger  
92 Like Broad-way at night  
95 Rose of Sharon  
98 Trail herd  
99 Initials for a royal personage  
100 Considerably

**DOWN**

103 Cell: Comb. form  
104 "... liberty and justice for ..."  
105 Sorrow  
107 Stammer  
108 Botany is one  
109 Printers' measures  
110 Illuminated  
111 Heckler's missile  
112 "Diga Diga" song

## ONE EARTH, FOUR OR FIVE WORLDS:

Reflections on Contemporary History  
By Octavio Paz. Translated by Helen R. Lane.  
224 pp. \$14.95.  
Harcourt Brace Jovanovich, 1250 Sixth Avenue, San Diego, Calif. 92101

Reviewed by Art Seidenbaum

THE Latino poet is supposed to have — is almost required to have — a place in politics, a role in diplomacy, a stake in the hurly-burly of temporal events. No contemporary Latino poet has lived the political part more knowingly or independently than Octavio Paz, the Mexican-born septuagenarian who fuses the study of language, history, government and art in a world view free of super-power prejudices or theocratic certainties.

Here are essays of the immediate, some of them written for Spanish-language newspapers, some of them new, all of them celebrating human freedom as opposed to manufactured ideology. "Ideology," Paz writes, "converts ideas into masks: They hide the person who wears them, and at the same time they keep him from seeing reality."

He offers aid, but little comfort, to the United States. He offers explanation, but no support, for

Marxist-Leninist regimes: "Not a few European and Latin American intellectuals attempt to equate the policy of the United States with that of the Soviet Union, as though they were twin monsters. Hypocrisy, naïveté or cynicism? It seems to me that what is monstrous is the comparison itself. The errors, the failures and the sins of the United States are enormous, and I am not trying to absolve that nation." Paz goes on to criticize the United States. Western democracies and Japan for incoherent policies, for blindness to the social problems in less developed nations and for being the accomplices of brutal dictatorships.

"All this having been said, however," he continues, "it must be added that the capitalist democracies have preserved fundamental freedoms within their own borders. On the other hand, ideological war abroad and totalitarianism at home are the two constituent features of the Soviet regime and its vassal countries."

The trouble with the United States, he suggests, is a two-faced approach to the world — one inside expression for its citizens, another outside appearance in dealing with other nations. The United States is, internally, a democracy, and its people enjoy the freedoms attached to a changing society.

But the U.S. approach to foreign affairs is too often the posture of empire, with all the oppressions and power plays associated with empire. Paz sees the contending group of nations — Panama, Colombia, Venezuela and Mexico — as the best brokers for peace in Central America.

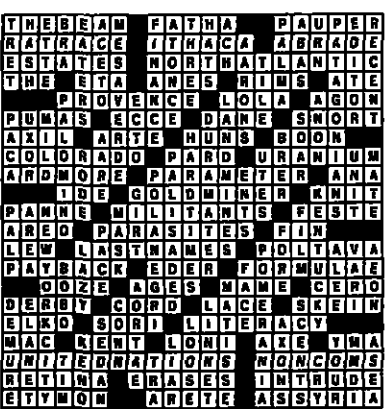
The trouble with Mexico, he suggests, is proximity to the United States, sometimes aping and sometimes loathing the big neighbor with the fancier house and larger yard. "The passion of our intellectuals for U.S. civilization ranges from love to bitter rancor, from adoration to horror," Paz writes. While Mexico embraced U.S. notions of freedom and modernity, Mexico arrived at that embrace from a wholly different history: "Between puritanism, democracy and capitalism there was not opposition but affinity; the past and future of the United States are reflected without contradiction in these three words. Between republican ideology and the Catholic world of the Mexican viceroyalty, a mosaic of pre-Columbian survivals and Baroque forms, there was a sharp break: Mexico denied its past."

Paz discusses Protestantism as a positive force for a young United States, as a religion without the hierarchy and immutability of a church assuming universal allegiance. He compares the relative inflexibility of Catholicism with the almost absolute inflexibility of Marxism as a kind of kinship between sworn enemies. The certainty and the pseudoscience of Marxism, he writes, has a logical appeal for revolutionaries who grew up in a Catholic culture.

The magnificence of these essays is fearless, intelligence, literary grace and a willingness to make the opposite seem apposite and the paradoxical appear predictable. Paz knows his neighbors' histories, and he knows the global stories in Asia, Africa and Europe. The weakness here, if lack of a political formula is in fact a weakness, is the absence of Paz — translate peace — proposals to cure what ails humanity. The poet's solution, logically, is language and discussion: "Dialogue keeps us from denying ourselves and from denying the humanity of the adversary." The trouble with that solution is the presumption that both sides of a struggle want to talk. Look at Geneva, right now. Listen for dialogue and hear vivification instead.

Art Seidenbaum is on the staff of the Los Angeles Times.

## Solution to Last Week's Puzzle



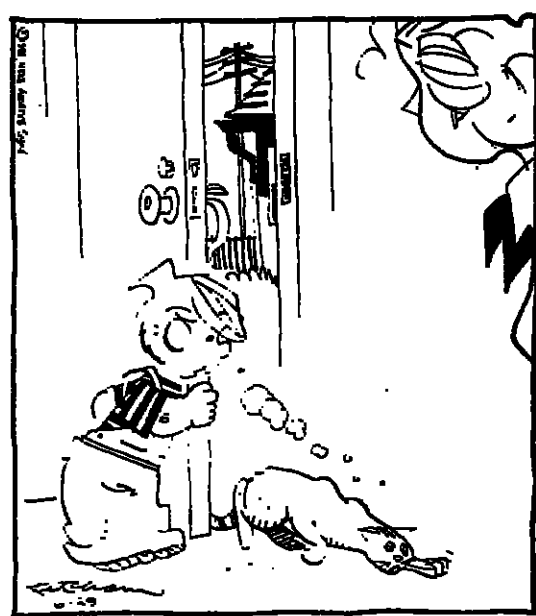
## World Stock Markets

Via Agence France-Presse June 28

Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	1,218.10	+1.20
Brussels	1,218.10	+1.20
Frankfurt	1,218.10	+1.20
London	1,218.10	+1.20
Paris	1,218.10	+1.20
Stockholm	1,218.10	+1.20
Switzerland	1,218.10	+1.20
Vienna	1,218.10	+1.20
Zurich	1,218.10	+1.20

## DENNIS THE MENACE

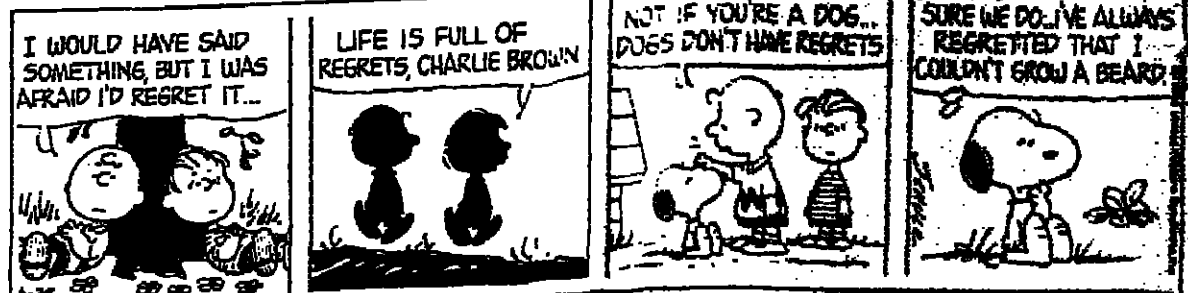


## WEATHER

Region	High	Low	Forecast
Europe	65-75	45-55	Partly cloudy
Asia	75-85	55-65	Sunny
Africa	85-95	65-75	Partly cloudy
Latin America	75-85	55-65	Sunny
North America	65-75	45-55	Partly cloudy
Middle East	75-85	55-65	Sunny
Oceania	65-75	45-55	Partly cloudy

SATURDAY'S FORECAST — CHANNEL: Slightly cloudy. FRANKFURT: Partly cloudy. LONDON: Partly cloudy. PARIS: Partly cloudy. STOCKHOLM: Partly cloudy. VIENNA: Partly cloudy. ZURICH: Partly cloudy.

## PEANUTS



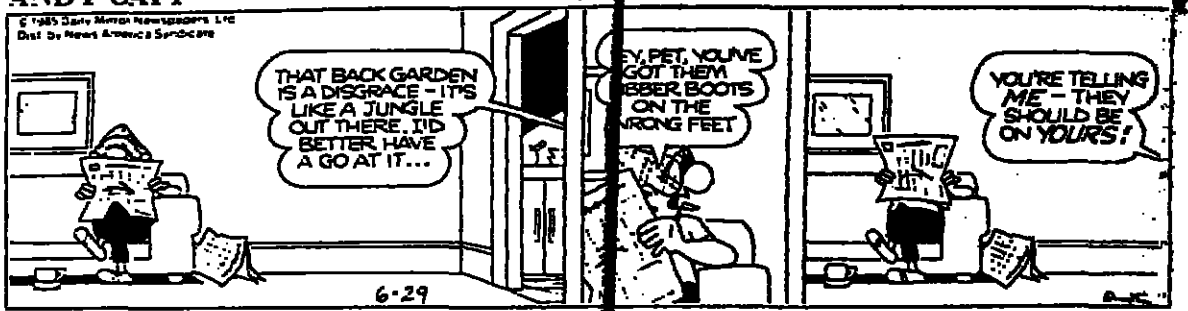
## BLONDIE



## BEETLE BAILEY



## ANDY CAPP



## WIZARD OF ID



## REX MORGAN



## GARFIELD



Market	Index	Change
Amsterdam	1,218.10	+1.20
Brussels	1,218.10	+1.20
Frankfurt	1,218.10	+1.20
London	1,218.10	+1.20
Paris	1,218.10	+1.20
Stockholm	1,218.10	+1.20
Switzerland	1,218.10	+1.20
Vienna	1,218.10	+1.20
Zurich	1,218.10	+1.20



## SPORTS

## Hinault Wins Tour Prologue

Bretons Cheer Favorite Son as France's Big Race Begins

By Samuel Abr

International Herald Tribune

PLUMLEIC, France — Sixty thousand Bretons turned out Friday to cheer Bernard Hinault, the region's favorite son each summer.

He did not disappoint them. Seating himself next to last in the 180-man prologue to the 72d Tour de France, Hinault overtook much of the field that, in 16-minute intervals, had left one-by-one before him. He won easily.

"We've started in the right direction," he said.

A mighty cheer went up, sirens blared and the black and white flag of Brittany flew as Hinault crossed the finish line. His time for the 6.8-kilometer (just over 4-mile) race was 8 minutes 47.4 seconds.

The next best time, 8:51.59, was turned in nearly half an hour earlier by Eric Vanderaerden of the Panasonic team. "I can do that too," Hinault remembered thinking as he started off in pursuit of his fifth victory in the Tour de France.

Third in the prologue to the 4,000-kilometer tour was Stephen Roche of the Redoute team, with Phil Anderson of Panasonic fourth and Greg LeMond of Hinault's La Vie Claire team finishing fifth. All were timed in more than nine minutes.

The public gave me a lot of joy," Hinault said of the throngs of spectators along the course. "This support really shows their interest in cycling."

Hinault, 30, was being modest. Since he arrived two days ago, bicy-

cling the 100 kilometers from his home in the north of Brittany to its southern coast, he has been deluged with affection. Cheered everywhere and pursued by autograph seekers, the sometimes prickly star has been patient and gracious.

Britanny is strong cycling country but does not often entertain the world's most famous race because its flat terrain does not allow for varied competition. Bretons are fond of complaining that the Tour de France should add a phase in parentheses, except for Brittany, but this year the north-bound area won the right to be host.

The result is three days of racing through a host of cities and towns before the riders begin rolling eastward on a long clockwise circuit that ends July 21 in Paris. Hinault is the strong favorite to be wearing the overall leader's yellow jersey then and equal the record of five Tour victories held by Eddy Merckx and Jacques Anquetin. Merckx dominated the field in the 1970s and Anquetin a decade earlier.

Hinault has been the man to beat since he first started in the Tour de France in 1978. He won that year and in 1979, 1981 and 1982. Tendinitis in his left knee forced him to withdraw while he was leading the 1980 tour and the same ailment kept him out of the 1983 race.

After an operation, he returned last year to finish second to Laurent Fignon, who himself was kept out of this year's race by surgery for tendinitis in his left Achilles tendon.

Fignon, 24, was a spectator Friday afternoon in Plumleic, a village comprised of a handful of stores, a church and a circuit of well-kept roads that is often used for bicycle races, including last year's French national championship. As he said beforehand, Hinault knows the course well.

Mostly he knows the people and their feeling for him. Sporting a broad, confident grin, he mounted the victor's podium and was presented with an armful of flowers, then both cheeks twice by a beauty queen and next the yellow jersey, that had just arrived in the embrace of a parashutist. How they did cheer when Hinault launched the flowers into the crowd.

Hinault continued to be the best of sports as he was deluged with other facets of the tour's commercial ballyhoo: a plush lion symbolizing a banking sponsor, a small flag celebrating a builder of vacation homes and, finally, a can of Coca-Cola. He took a quick sip of the soft drink before thrusting it to an official.

Coca-Cola, this year, has replaced Perrier as the official drink of the Tour de France, ending rather controversially 52 years of sponsorship by the French mineral water producer. To some the change has been regarded as a sign of the race's internationalization, but to others it is yet another example of American cultural imperialism.

Wicked souls insist the change was made to encourage interest in the race in the United States since, according to this theory, Coca-Cola will sponsor a weekly series of U.S. television programs about the race. Officials of Columbia Broadcasting System, which is filming the programs, deny this.

In any case the Tour de France has changed. No rider henceforth will finish a long, hot race by pouring a can of soda pop over his head or swilling beer, as many used to do with Perrier.



Chinese defector Hu Na

## For Hu, Wimbledon's Little Things Mean a Lot

By Peter Alfano

New York Times Service

WIMBLEDON, England — She played her first match of the 1982 Federation Cup tournament on a July evening in Santa Clara, California, and was not seen again in public for eight months. Hu Na hid in the homes of sympathetic Chinese families on the West Coast during that time, hoping one day to be granted asylum in the United States. Her second wish was to pursue a professional tennis career.

Hu's defection caused an international incident and her whereabouts had all the intrigue of a spy novel. The Chinese government suspended several cultural exchanges with the United States, which eventually granted Hu asylum on April 4, 1983, in Washington. She played her first professional match two months later.

But Hu was not to become another Martina Navratilova, who defected to the United States from Czechoslovakia when she already was one of the highly ranked players in the world. Hu was a champion in China but only a qualifier on the world pro tour.

"It was very hard because the players were so good," she said. "I got discouraged because every time my game went up, I'd get injuries."

Hu is ranked 150th in the Women's Tennis Association rankings but has made the biggest tournament in the world the site of her professional breakthrough. She qualified for Wimbledon by winning three difficult matches last week and Thursday became the first Chinese-born player to win a match in the main draw, defeating Annabel Croft of Britain, 6-3, 7-5, in a first-round match. Friday, she beat Lea Pichova of Czechoslovakia, another qualifier, 7-5, 6-4.

Although Croft ranked 40th, it is not well known herself, she was the favorite of the crowd on Court 1, which usually draws the second-biggest crowd. "I was nervous," Hu said. "There were so many people who came out to see us."

Hu is 22 years old but her game is just developing. The lack of top quality competition in China is one reason, and the customary slow progress made by serve-and-volley players is another.

"I think she's improved a lot," Croft said. "I've been told by other players that she cracks under pressure."

Any pressure Hu may face on the tennis court, however, would not begin to compare to what she encountered when she defected. She received letters that were reportedly written by her parents, pleading for her return to China. She was homesick and did not speak English.

"My English wasn't very good," Hu said. "I watched 'Three's Company' and 'The Love Boat.' Jack Tripper was my first teacher."

Jack Tripper is the character played by John Ritter in the television show "Three's Company." Hu has since had other instructors. She is attending the U.S. International College in San Diego, where she lives in a Chinese community with several families, spending a few months with each. She speaks English well enough to face interviews without the aid of an interpreter.

She said she never questioned her decision to leave China. She also said she preferred not to talk about her reasons for deciding to defect.

Her potential as a player remains in question. She has been tutored by such notable coaches as Vic Braden, Harry Hopman and Nick Bollettieri, but has advanced as far as the quarterfinals only three times in 23 tournaments, and those were on the satellite tour. She has earned \$7,000.

At this point, however, Hu appreciates some things that most players take for granted. It was a thrill for her, she said, to be able to play a match without braiding her hair.

## SPORTS BRIEFS

## Aouita, Cram Speed to Victory in Oslo

OSLO (AP) — Olympic champion Said Aouita of Morocco ran the world's second fastest 5,000-meter race and world champion Steve Cram of Great Britain recorded the third fastest 1,500 meters on Bislett Stadium's new super-fast synthetic track Thursday night.

Aouita registered 13:04.52 and Cram turned in a 3:31.34 in outclassing their opposition in the international Oslo Games track and field meet. Despite running in thunder and rain, Aouita bettered his previous personal best of 13:04.78; the world record of 13:00.42 was set by David Moorcroft of Great Britain on July 7, 1982, in Bislett Stadium.

Cram defeated Steve Scott of the United States and a dozen other top runners by winning in only 0.57 seconds off fellow Briton Steve Ovett's world record set in 1983. Bruce Bickford of the United States was runner-up behind Aouita.

## Sutton, Sander Lead in U.S. Golf

MEMPHIS, Tennessee (UPI) — Hal Sutton, winner of more than \$1 million in barely 3½ years on the U.S. pro golf tour, and Bill Sander, who is last on this year's money list, each shot a 7-under-par 65 Thursday to share the first-round lead in the Memphis Classic.

David Ogren was one stroke back, John Mahaffey and George Burns two behind.

Sutton got three of his seven birdies in a four-hole span after a 90-minute electrical storm delay. Sander, who had not broken par previously this year while winning only \$712, was in the last threesome to finish and caught Sutton with a birdie on the final hole.

## Belgian Grand Prix Fined, Date Set

PARIS (AP) — The executive committee of the International Auto Sport Federation levied a fine of \$10,000 Thursday against the organizers of the Belgian Grand Prix and rescheduled the race for Sept. 15. The race was postponed June 2 because of poor track conditions at the Spa-Francorchamps circuit.

In New York, it was announced that plans to hold a Grand Prix race in a Queens park in September have been canceled because the site could not be prepared in time.

## For the Record

Alan Wiggins, the San Diego Padres' suspended second baseman, was officially traded to the Baltimore Orioles for minor league relief pitcher Roy Lee Jackson and a player to be named later. Wiggins has been assigned to the Class AAA team in Rochester, New York, but is expected to join the Orioles next week.

George Steinbrenner, owner of the New York Yankees, has been denied an owner's license to race horses at the new Canterbury Downs race track in Minnesota because he made illegal political contributions to former president Richard Nixon.

Trials for the seven men indicted by a federal grand jury of drug activity involving major league baseball players probably will not start until fall, attorneys said in Pittsburgh. The trials had been expected to begin in July.

Tulane student Mark Olesky pleaded guilty to two counts of plotting to shave points at university basketball games and prosecutors in New Orleans, as part of the plea bargaining, dropped 11 other counts. (AP)

On The Road Again became the world's leading money-winning pacer after winning the second leg of the World Cup at the Meadowlands in East Rutherford, New Jersey. The \$62,000 won put his earnings at \$2,052,256; Gam Fella retired in 1983 with \$2,041,367. (AP)

Quotable

"I lifted my left foot and I thought, 'God, it feels pretty good for surgery. No cast or anything.' Then I noticed my right foot was all banded up and I yelled, 'Hey, you guys did the wrong foot.'" University of Wisconsin football player Robb Johnston.

## SCOREBOARD

## Tennis

## Wimbledon Results

## MEN'S SINGLES

## First Round

Terry Moor, U.S., def. Jacob Hesse, Switzerland, 6-3, 6-4, 6-3, 7-5, 7-6.

Vince Van Patten, U.S., def. Peter Elfer, West Germany, 6-3, 6-2, 7-5, 6-4.

## Second Round

John McEnroe (1), U.S., def. Nikiola Odizor, Nigeria, 7-6 (7-1), 6-1, 7-6 (7-1).

Jimmy Connors (2), U.S., def. Kelly Evernden, New Zealand, 6-3, 6-2, 6-1.

Joakim Nyström (7), Sweden, def. Paul Anconino, U.S., 7-5, 6-3, 6-2.

Kevin Curren (8), U.S., def. Mike DePalmer, U.S., 7-5, 6-4, 6-1.

John Lloyd (10), U.S., def. Elit Tetscher, Switzerland, 6-4, 6-3, 7-6 (7-3).

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## Baseball

## Thursday's Major League Line Scores

## AMERICAN LEAGUE

Milwaukee 100 102 100-3 7 1

Toronto 100 102 100-3 7 1

Minnesota 100 102 100-3 7 1

Detroit 100 102 100-3 7 1

Cleveland 100 102 100-3 7 1

Kansas City 100 102 100-3 7 1

Chicago 100 102 100-3 7 1

St. Louis 100 102 100-3 7 1

Pittsburgh 100 102 100-3 7 1

Cincinnati 100 102 100-3 7 1

Houston 100 102 100-3 7 1

San Francisco 100 102 100-3 7 1

Los Angeles 100 102 100-3 7 1

Oakland 100 102 100-3 7 1

Seattle 100 102 100-3 7 1

San Diego 100 102 100-3 7 1

New York 100 102 100-3 7 1

Boston 100 102 100-3 7 1

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## Transition

## BASEBALL

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SAN DIEGO—Signed Ray L. Jackson, pitcher, to Los Angeles for \$16 million, pitcher.

SAN FRANCISCO—Signed the retirement of Duane Karpis, infielder, and waived him for the purpose of giving him his unpaid salary.

REARDED—Signed Brad Wilkman, infielder, from the 71-day disabled list.

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